GIORDANO

Giordano International Limited
佐丹奴國際有限公司

stock code 709

ANNUAL REPORT 2006
年報

股份代號 709

目　錄
CONTENTS

十年財務與業務摘要	Ten-Year Financial and Operation Highlights	2
公司資料	Corporate Information	4
投資者參考資料	Information for Investors	6
董事及高級管理人員簡介	Directors and Senior Management Profiles	7
主席報告書	Chairman's Statement	11
管理層之論述及分析	Management's Discussion and Analysis	13
企業管治報告書	Corporate Governance Report	31
董事會報告書	Directors' Report	40
獨立核數師報告書	Independent Auditor's Report	49
綜合損益表	Consolidated Profit and Loss Account	51
資產負債表	Balance Sheets	52
綜合現金流量表	Consolidated Cash Flow Statement	54
權益變動表	Statements of Changes in Equity	56
財務報表附註	Notes to the Financial Statements	59
購股權資料	Share Option Information	116
股東週年大會通告	Notice of Annual General Meeting	121
説明函件	Explanatory Statement	126
建議重選退任董事之資料	Information of Retiring Directors Proposed to be Re-elected	130

十年財務與業務摘要
TEN-YEAR FINANCIAL AND OPERATION HIGHLIGHTS

(除特別註明外，以港幣百萬元為單位)	*(In HK$ millions unless otherwise specified)*
營業額	Turnover
毛利	Gross profit
毛利率	Gross margin
經營溢利(附註1及2)	Operating profit (notes 1 & 2)
經營溢利率(附註1及2)	Operating margin (notes 1 & 2)
股東應佔溢利(附註1及2)	Profit attributable to shareholders (notes 1 & 2)
銷售回報率(附註1及2)	Return on sales (notes 1 & 2)
現金及銀行結存減銀行貸款	Cash and bank balances less bank loans
營運資金(附註1)	Working capital (note 1)
資產總額(附註2)	Total assets (note 2)
負債總額(附註2及3)	Total liabilities (notes 2 & 3)
股東資金(附註2及3)	Shareholders' funds (notes 2 & 3)
每股盈利 - 基本(港仙)(附註1、2及4)	Earnings per share - Basic (HK cents) (notes 1, 2 & 4)
每股中期股息(港仙)(附註4)	Interim dividend per share (HK cents) (note 4)
每股特別中期股息(港仙)	Special interim dividend per share (HK cents)
每股末期股息(港仙)(附註4)	Final dividend per share (HK cents) (note 4)
每股特別末期股息(港仙)(附註4)	Special final dividend per share (HK cents) (note 4)
平均資產總額回報率(附註1及2)	Return on average total assets (notes 1 & 2)
平均股東資金回報率(附註1及2)	Return on average shareholders' funds (notes 1 & 2)
存貨對銷售之流轉比率(日數)(附註5)	Inventory turnover on sales (days) (note 5)
流動比率(倍數)(附註1)	Current ratio (times) (note 1)
市場流通股份數目(千股)(附註4)	Number of shares outstanding (in thousands) (note 4)
市值總額	Market capitalization
直接管理門市	Directly managed stores
門市數目(附註6)	Number of stores (note 6)
零售面積(以千平方呎為單位)(附註6)	Retail floor area (in thousands of square feet) (note 6)
可比較門市之銷售額(減少)/增加(附註7)	Comparable store sales (decrease) / increase (note 7)
門市總數(附註6)	Total stores (note 6)
分部間採購之百分率	Inter-segment purchases percentage

附註：

1. 二零零四年之數字已因採納香港會計準則第十七號「租賃」及財務報告準則第二號「以股份支付的支出」而作出調整，該會計準則於二零零五年一月一日或以後開始之會計年度生效
2. 二零零二年之數字已因採納會計實務準則第十二號「所得稅」(經修訂)而作出調整，該會計實務準則於二零零三年一月一日或以後開始之會計年度生效
3. 一九九七年至二零零零年之數字已因採納會計實務準則第九號「結算日後事項」(經修訂)而作出調整， 該會計實務準則於二零零一年一月一日或以後開始之會計年度生效
4. 一九九七年至一九九九年之數字已按股份一拆為二而作出調整
5. 年結日之存貨除全年營業額乘三百六十五日
6. 年結日數字
7. 指於兩個作比較之財政年度內經營滿十二個月之門市

Notes:

1. Figures from 2004 are adjusted for the adoption of HKAS 17 "Leases" and HKFRS 2 "Share-based Payment" which are effective for accounting years commencing on or after January 1, 2005
2. Figures for 2002 are adjusted for the adoption of SSAP 12 "Income Taxes" (revised) which is effective for accounting years commencing on or after January 1, 2003
3. Figures from 1997 to 2000 are adjusted for the adoption of SSAP 9 "Events after the Balance Sheet Date" (revised) which is effective for accounting years commencing on or after January 1, 2001
4. Figures from 1997 to 1999 are adjusted for the effect of the 1-to-2 share subdivision
5. Inventory held at year end divided by full year turnover times 365 days
6. Figures as at year end
7. For stores which were operated for the full 12 months in each of the two fiscal years under comparison

2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
4,372	4,413	4,003	3,389	3,588	3,479	3,431	3,092	2,609	3,014
2,178	2,243	2,035	1,634	1,677	1,544	1,516	1,352	1,029	1,240
49.8%	50.8%	50.8%	48.2%	46.7%	44.4%	44.2%	43.7%	39.4%	41.1%
376	518	491	364	385	372	425	351	70	60
8.6%	11.7%	12.3%	10.7%	10.7%	10.7%	12.4%	11.4%	2.7%	2.0%
205	406	387	266	328	377	416	360	76	68
4.7%	9.2%	9.7%	7.8%	9.1%	10.8%	12.1%	11.6%	2.9%	2.3%
665	827	689	784	614	494	747	803	340	192
862	1,029	861	911	861	798	1,014	960	725	655
2,984	2,970	2,717	2,555	2,419	2,371	2,110	1,913	1,435	1,408
894	755	684	685	564	625	511	456	299	340
1,987	2,122	1,954	1,799	1,794	1,695	1,558	1,449	1,135	1,069
13.80	27.50	26.70	18.50	22.80	26.30	29.30	25.65	5.40	4.80
4.50	4.50	4.00	1.50	4.50	4.50	4.25	3.25	0.50	2.50
2.00	2.00	1.50	3.00	–	–	–	–	–	–
5.00	5.00	4.50	4.50	4.50	4.50	6.00	5.50	1.75	–
15.00	15.00	13.00	12.00	10.00	5.00	5.00	8.50	–	–
7.3%	15.2%	15.9%	11.8%	14.7%	17.3%	21.4%	21.6%	5.3%	4.2%
10.0%	19.9%	20.6%	14.8%	18.8%	23.2%	27.7%	27.9%	6.9%	5.9%
35	31	30	24	26	30	32	28	44	48
2.1	2.6	2.4	2.5	2.8	2.3	3.1	3.2	3.6	3.1
1,490,853	1,489,631	1,450,592	1,442,199	1,440,345	1,436,029	1,430,683	1,413,118	1,399,570	1,410,554
6,336	6,480	7,072	5,192	4,393	4,954	5,150	5,652	1,015	1,887
962	914	811	550	473	456	367	317	308	324
957	918	846	650	599	598	466	359	301	314
(3%)	(1%)	7%	(9%)	(2%)	(4%)	4%	21%	(13%)	(11%)
1,767	1,694	1,585	1,363	1,256	1,159	920	740	678	640
26%	30%	27%	28%	26%	24%	25%	22%	27%	35%

董事會 / BOARD OF DIRECTORS

執行董事 / Executive Directors

劉國權 (主席及行政總裁) / LAU Kwok Kuen, Peter *(Chairman and Chief Executive)*
馮永昌 / FUNG Wing Cheong, Charles
馬灼安 / MAH Chuck On, Bernard

獨立非執行董事 / Independent Non-Executive Directors

歐文柱 / AU Man Chu, Milton
畢滌凡 / Barry John BUTTIFANT
鄺其志，GBS，JP / KWONG Ki Chi, GBS, JP
李鵬飛，JP / LEE Peng Fei, Allen, JP

董事會顧問 / BOARD ADVISOR

梁覺教授 / Professor LEUNG Kwok

集團首席財務總監 / GROUP CHIEF FINANCIAL OFFICER

呂志雄 / LUI Chi Hung

公司秘書 / COMPANY SECRETARY

翁美儀 / YUNG Mei Yee

審核委員會 / AUDIT COMMITTEE

畢滌凡 / Barry John BUTTIFANT
歐文柱 / AU Man Chu, Milton
鄺其志，GBS，JP / KWONG Ki Chi, GBS, JP
李鵬飛，JP / LEE Peng Fei, Allen, JP

補償委員會 / COMPENSATION COMMITTEE

劉國權 / LAU Kwok Kuen, Peter
畢滌凡 / Barry John BUTTIFANT
李鵬飛，JP / LEE Peng Fei, Allen, JP
梁覺教授 / Professor LEUNG Kwok

授權代表 / AUTHORIZED REPRESENTATIVES

劉國權 / LAU Kwok Kuen, Peter
呂志雄 / LUI Chi Hung

核數師 / AUDITORS

羅兵咸永道會計師事務所 / PricewaterhouseCoopers
執業會計師 / *Certified Public Accountants*

律 師

香港律師
羅拔臣律師事務所
夏佳理 方和 吳正和 律師事務所

中國律師
金杜律師事務所

註 冊 辦 事 處

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

主 要 營 業 地 點

香港
九龍
長沙灣道七七七至七七九號
天安工業大廈五樓

主 要 股 份 過 戶 登 記 處

Butterfield Fund Services (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke HM08
Bermuda

股 份 過 戶 登 記 處 香 港 分 處

雅柏勤證券登記有限公司
香港
皇后大道東二十八號
金鐘匯中心二十六樓

主 要 往 來 銀 行

香港上海滙豐銀行有限公司
渣打銀行(香港)有限公司
法國巴黎銀行
花旗銀行

LAWYERS

Hong Kong lawyers
Robertsons
Arculli Fong & Ng

PRC lawyers
King & Wood

REGISTERED OFFICE

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

PRINCIPAL PLACE OF BUSINESS

5th Floor, Tin On Industrial Building
777-779 Cheung Sha Wan Road
Kowloon
Hong Kong

PRINCIPAL SHARE REGISTRARS AND TRANSFER OFFICE

Butterfield Fund Services (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke HM08
Bermuda

BRANCH SHARE REGISTRARS AND TRANSFER OFFICE IN HONG KONG

Abacus Share Registrars Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Standard Chartered Bank (Hong Kong) Limited
BNP Paribas
Citibank, N.A.

重 要 日 期

暫停辦理股份過戶登記

二零零七年五月七日至
二零零七年五月九日
(首尾兩天包括在內)

股 東 週 年 大 會

二零零七年五月九日

股 息

中期股息	:	每股港幣四點五仙
特別中期股息	:	每股港幣二仙
派發日期	:	二零零六年九月十五日
建議末期股息	:	每股港幣五仙
建議特別末期股息	:	每股港幣一角五仙
建議派發日期	:	二零零七年五月十五日

股 份 代 號

香港聯合交易所	:	709
彭博	:	709 HK
路透社	:	0709.HK

投 資 者 聯 絡 處

虞瑋麟
公司事務及外務總監
佐丹奴國際有限公司
香港九龍
長沙灣道七七七至七七九號
天安工業大廈五樓

電話	:	(852) 2746 4668
傳真	:	(852) 2370 8864
電子郵箱	:	williamyue@giordano.com.hk

網 址

www.giordano.com.hk

IMPORTANT DATES

Closure of Register of Members

May 7, 2007 to May 9, 2007
(both days inclusive)

Annual General Meeting

May 9, 2007

Dividends

Interim Dividend	:	4.5 HK cents per share
Special Interim Dividend	:	2.0 HK cents per share
Paid on	:	September 15, 2006
Proposed Final Dividend	:	5.0 HK cents per share
Proposed Special Final Dividend	:	15.0 HK cents per share
Payable on	:	May 15, 2007

STOCK CODE

Stock Exchange of Hong Kong	:	709
Bloomberg	:	709 HK
Reuters	:	0709.HK

INVESTOR RELATIONS CONTACT

William YUE
Director of Corporate and External Affairs
Giordano International Limited
5th Floor, Tin On Industrial Building
777-779 Cheung Sha Wan Road
Kowloon, Hong Kong

Telephone	:	(852) 2746 4668
Facsimile	:	(852) 2370 8864
e-mail	:	williamyue@giordano.com.hk

WEBSITE

www.giordano.com.hk

劉國權先生 *(主席)*，現年五十四歲，為本集團行政總裁，彼亦為本公司補償委員會成員。彼於一九八七年加入本集團，並於一九九四年二月八日成為行政總裁，同年八月十日獲選為本集團董事會主席。劉先生持有加拿大卡加里大學工商管理碩士學位，及為加拿大特許會計師公會會員。於加入本集團前，彼於加拿大之私營及公營機構有超過十二年的會計工作經驗。

Mr. LAU Kwok Kuen, Peter *(Chairman)*, aged 54, is the Group's Chief Executive and a member of the Compensation Committee of the Company. He joined the Group in 1987, became the Chief Executive on February 8, 1994, and was elected Chairman of the Board of Directors of the Group on August 10 in the same year. Mr. Lau holds an MBA degree from the University of Calgary in Canada and is a member of The Canadian Institute of Chartered Accountants. Prior to joining the Group, he had over 12 years of accounting experience in the private and public sectors in Canada.

馮永昌先生 *(執行董事)*，現年四十五歲，於一九八八年加入本集團，並自一九九七年二月十一日起在本公司擔任現職銜。馮先生亦為本集團台灣業務之總經理及若干附屬公司之董事。彼持有香港大學學士學位及新加坡國立大學工商管理碩士學位。於加入本集團前，馮先生有五年房地產業務經驗。

Mr. FUNG Wing Cheong, Charles *(Executive Director)*, aged 45, joined the Group in 1988 and has assumed the current position in the Company since February 11, 1997. Mr. Fung is also the General Manager of the Group's operations in Taiwan and director of certain subsidiaries of the Group. He holds a bachelor degree from The University of Hong Kong and an MBA degree from the National University of Singapore. Before joining the Group, Mr. Fung had worked for five years in the real estate business.

馬灼安先生 *(執行董事)*，現年五十七歲，於一九九六年加入本集團，並於一九九九年六月十四日獲本公司委任現職銜。馬先生亦為本集團中國大陸業務之執行主席及海外業務拓展執行董事。彼畢業於加拿大阿伯特大學，取得商業管理學士學位。彼亦為加拿大特許會計師公會會員。於加入本集團前，馬先生擁有豐富工商投資經驗，並曾於加拿大政府之會計及核數部門出任高職達十五年。

Mr. MAH Chuck On, Bernard *(Executive Director)*, aged 57, joined the Group in 1996 and was appointed to the current position of the Company on June 14, 1999. Mr. Mah is also the Executive Chairman of the Group's operations in Mainland China and Group Executive Director – Global Business Development. He graduated from the University of Alberta in Canada with a bachelor degree in Business Administration and is a member of The Canadian Institute of Chartered Accountants. Prior to joining the Group, Mr. Mah had gained extensive experience in industrial and commercial investment sectors and had held senior government positions in accounting and auditing in Canada for 15 years.

歐文柱先生（*獨立非執行董事*），現年五十六歲，於二零零零年十二月十一日加入本公司，彼亦為本公司審核委員會成員。歐先生持有加拿大阿伯特大學商業學學士學位，及為加拿大特許會計師公會會員。彼擁有超過二十五年財務及管理的經驗。歐先生於一九九五年十二月一日至二零零三年十二月三十一日期間為一間於新加坡上市之公司 – Noble Group Limited 之執行董事。自二零零四年一月一日起調任為該公司非執行董事之一。歐先生亦是一非牟利機構 – 香港國際電影節協會有限公司之董事局成員。

畢滌凡先生（*獨立非執行董事*），現年六十二歲，於一九九一年五月加入本集團，彼亦為本公司審核委員會主席及補償委員會成員。畢滌凡先生為 Hsin Chong International Holdings Limited（「新昌國際」）之董事總經理，亦分別為新昌營造集團有限公司主席葉維義先生及新昌管理集團有限公司副主席馮葉儀皓女士之替代董事。彼並為台和商事控股有限公司及華訊股份有限公司之獨立非執行董事，及為於紐約聯合交易所上市之 Global-Tech Appliances Inc. 之非執行董事。於加入新昌國際前，彼為霸菱亞洲投資有限公司之營運合夥人。彼亦於二零零一年至二零零二年期間擔任和記行（集團）有限公司（「和記行」）之董事總經理，並於二零零二年十一月至二零零四年四月期間出任和記行之業務及企業發展顧問。於加入和記行前，彼於萬威國際有限公司擔任董事總經理超過八年，並曾於寶麗碧集團和森那美香港有限公司工作超過十一年，期間曾出任財務董事及董事總經理職務。畢滌凡先生為特許公認會計師公會、香港會計師公會、Chartered Management Institute、香港管理專業協會及香港董事學會之資深會員。

Mr. AU Man Chu, Milton *(Independent Non-executive Director)*, aged 56, joined the Company on December 11, 2000 and is a member of the Audit Committee of the Company. Mr. Au holds a Bachelor of Commerce degree from the University of Alberta in Canada and is a member of The Canadian Institute of Chartered Accountants. He has over 25 years of experience in finance and management. Mr. Au was an executive director of Noble Group Limited, a company listed in Singapore, from December 1, 1995 to December 31, 2003. He has been re-designated as one of its non-executive directors since January 1, 2004. Mr. Au is also a member of the board of directors of Hong Kong International Film Festival Society Limited, a non-profit making organization.

Mr. Barry John BUTTIFANT *(Independent Non-executive Director)*, aged 62, joined the Group in May 1991. He is also chairman of the Audit Committee and a member of the Compensation Committee of the Company. Mr. Buttifant is the managing director of Hsin Chong International Holdings Limited (“Hsin Chong International”) and is an alternate director to Mr. V-nee Yeh, chairman of Hsin Chong Construction Group Ltd. and Mrs. Fung Yeh Yi Hao, Yvette, deputy chairman of Synergis Holdings Limited. He is also an independent non-executive director of Daiwa Associate Holdings Limited and Alltronics Holdings Limited and a non-executive director of a NYSE public company, Global-Tech Appliances Inc.. Prior to joining Hsin Chong International, he was an operating partner of Baring Private Equity Asia Limited. He was also the managing director of Wo Kee Hong (Holdings) Limited (“Wo Kee Hong”) from 2001 to 2002 and was the Advisor to the board of directors of Wo Kee Hong from November 2002 to April 2004. Prior to joining Wo Kee Hong, he was the managing director of IDT International Limited for over eight years and had worked for Polly Peck Group and Sime Darby Hong Kong Limited for more than 11 years in the capacity of finance director and managing director. Mr. Buttifant is a fellow member of the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants, the Chartered Management Institute, the Hong Kong Management Association and The Hong Kong Institute of Directors.

鄺其志先生，GBS，JP*（獨立非執行董事）*，現年五十六歲，於二零零四年四月二十六日加入本公司為獨立非執行董事，彼亦為本公司審核委員會成員。鄺先生持有香港大學物理及數學理學士學位，亦在英國劍橋大學獲取經濟及政治發展 (Economics and Politics of Development) 哲學碩士學位。彼在香港政府服務二十七年，主要擔任經濟及金融事務之職位。彼於一九九五年至一九九八年擔任庫務司/庫務局局長，主要負責公共財政事務，及於一九九八年至二零零零年三月擔任資訊及廣播局局長，主要負責資訊科技、電信及廣播事務。隨著香港聯合交易所、香港期貨交易所及其相關結算所改革及合併，鄺先生於二零零零年三月離開香港特別行政區政府加入香港交易及結算所有限公司擔任執行董事及首位行政總裁，至二零零三年四月卸任。於二零零四年一月至六月期間，鄺先生受聘為新昌國際集團之董事總經理，並分別於二零零四年一月至八月及二零零四年一月至九月期間出任新昌營造集團有限公司（「新昌營造」）及新昌管理集團有限公司（「新昌管理」）之替代董事，該兩間公司均於香港聯合交易所上市。鄺先生於二零零三年六月至二零零五年九月期間獲委任為於納斯達克 (NASDAQ) 上市的 CDC Corporation 之獨立非執行董事，並於二零零四年七月至二零零六年七月期間出任偉新（國際）有限公司之董事總經理。彼現為新昌營造及新昌管理之非執行董事。

鄺先生為香港非官守太平紳士及獲香港特別行政區政府頒授金紫荊星章。彼亦擔任多項公職，包括香港中文大學校董會校董及香港公益金董事會董事。

李鵬飛博士，JP*（獨立非執行董事）*，現年六十六歲，於一九九九年九月十日加入本公司，彼亦為本公司審核委員會及補償委員會成員。彼持有香港理工大學工程博士榮譽學位及香港中文大學法學博士榮譽學位。李博士為中華人民共和國第九及第十屆全國人民代表大會香港特別行政區代表。彼積極參與公共事務。

Mr. KWONG Ki Chi, GBS, JP *(Independent Non-executive Director)*, aged 56, joined the Company as an Independent Non-executive Director on April 26, 2004 and is a member of the Audit Committee of the Company. Mr. Kwong graduated from The University of Hong Kong with a Bachelor of Science degree in Physics and Mathematics and was awarded a Master of Philosophy degree in Economics and Politics of Development by the University of Cambridge, England. He has served in the Government of Hong Kong for 27 years and held positions principally in the economic and financial fields. He was the Secretary for the Treasury from 1995 to 1998, with responsibility for the public finances, and Secretary for Information Technology and Broadcasting from 1998 to March 2000, with responsibility for information technology, telecommunications and broadcasting. He left the Government of Hong Kong Special Administrative Region in March 2000 to join the Hong Kong Exchanges and Clearing Limited as executive director and first Chief Executive, following the demutualization and merger of the Stock Exchange of Hong Kong, the Hong Kong Futures Exchange and their associated clearing houses and retired in April 2003. From January to June 2004, he was the managing director of Hsin Chong International Holdings Ltd.. He was also an alternate director of Hsin Chong Construction Group Ltd. ("Hsin Chong") from January to August 2004 and Synergis Holdings Limited ("Synergis") from January to September 2004, the shares of both Hsin Chong and Synergis are listed on the Stock Exchange of Hong Kong. Mr. Kwong was also an independent non-executive director of CDC Corporation, a NASDAQ listed company, from June 2003 to September 2005 and the managing director of Hongkong Sales (Int'l) Limited from July 2004 to July 2006. He is currently a non-executive director of both Hsin Chong and Synergis.

Mr. Kwong is a non-official Justice of the Peace in Hong Kong and has been awarded the Gold Bauhinia Star by the Government of the Hong Kong Special Administrative Region. He holds a number of public service positions, including Council Member of The Chinese University of Hong Kong and Board Director of The Community Chest of Hong Kong.

Dr. LEE Peng Fei, **Allen**, JP *(Independent Non-executive Director)*, aged 66, joined the Company on September 10, 1999. He is also a member of the Audit Committee and the Compensation Committee of the Company. He holds an honorary degree of Doctor of Engineering from The Hong Kong Polytechnic University and an honorary degree of Doctor of Laws from The Chinese University of Hong Kong. Dr. Lee is a deputy of Hong Kong SAR, the 9th and 10th National People's Congress, PRC. He has taken an active role in public service.

梁覺教授(*董事會顧問*),現年四十八歲,自一九八七年起為本集團提供顧問服務,彼亦為本公司補償委員會成員。梁教授於美國伊利諾大學 Urbana-Champaign 分校獲得心理學博士學位,現任香港城市大學管理學系講座教授。梁教授為國際知名學者,亦擁有在香港及中國大陸不同機構及政府部門資深的顧問經驗。

Professor LEUNG Kwok *(Board Advisor)*, aged 48, has been providing consulting services to the Group since 1987. He is also a member of the Compensation Committee of the Company. Professor Leung received his Ph.D. in Psychology from University of Illinois, Urbana-Champaign, U.S.A.. He holds a chair in management at the City University of Hong Kong. In addition to his international reputation for his scholarly work, he has extensive consulting experience with a wide range of organizations and government departments in Hong Kong and Mainland China.

張國良先生,現年五十五歲,本集團製衣部門之董事總經理。彼於一九九零年加入本集團,擁有超過三十二年製衣業務經驗。

Mr. CHEUNG Kwok Leung, aged 55, is the Managing Director of the Group's manufacturing division. He joined the Group in 1990 and has over 32 years of experience in the garment manufacturing industry.

呂志雄先生,現年四十五歲,集團首席財務總監。彼持有香港科技大學工商管理碩士學位及香港中文大學財務碩士學位。彼為特許公認會計師公會資深會員,亦為香港會計師公會及加拿大公認會計師公會會員。彼於二零零二年加入本集團,擁有超過二十四年財務及會計方面之經驗。

Mr. LUI Chi Hung, aged 45, is the Group Chief Financial Officer. He holds an MBA degree from The Hong Kong University of Science and Technology and a Master degree in Finance from The Chinese University of Hong Kong. He is a fellow member of The Association of Chartered Certified Accountants, and an associate member of the Hong Kong Institute of Certified Public Accountants and the Certified General Accountants Association of Canada. He joined the Group in 2002 and has over 24 years of experience in finance and accounting field.

顏麗真女士,現年四十四歲,集團人力資源總監及劉黃顧問有限公司之首席顧問。彼持有香港中文大學工商管理學士學位,亦為法國巴黎高等商學院之畢業生及香港理工大學工商管理博士研究生。彼乃美國註冊會計師、特許公認會計師公會及香港會計師公會資深會員和加拿大公認會計師公會會員。彼亦是香港特許秘書公會和英國特許秘書及行政人員公會之會員。彼於二零零六年加入本集團,擁有二十年豐富的銀行業務經驗。

Ms. NGAN Lei Tjen, aged 44, is the Group Human Resources Director and Principal Consultant of Lau, Wong & Associates Consultants Limited. She holds a BBA degree from The Chinese University of Hong Kong. She is diplômée HEC Paris, France and a candidate of Doctor of Business Administration degree from The Hong Kong Polytechnic University. She is a US Certified Public Accountant, a fellow member of The Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants and a member of the Certified General Accountants Association of Canada. She is also a member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators (UK). She joined the Group in 2006 and has 20 years of broad experience in the banking field.

致列位股東：

儘管大部分市場冬季天氣反常和暖，本集團於二零零六年之營業額及毛利仍保持與去年相若之水平，惟大幅攀升之成本對本集團之經營溢利造成打擊，導致其較去年下跌百分之二十七點四。由於重新評估本集團於中國大陸過往年度之稅項，使本集團之除稅後溢利減少至僅港幣二億一千八百萬元，較二零零五年下跌百分之四十九點四，實在令人關注。

服裝零售無可避免須承擔多重風險，其中一項獨有風險正是天氣。本集團管理此風險之策略，乃持續不懈地優化其供應鏈及增加比較不容易受天氣影響之產品供應種類，成功減輕二零零六年不利天氣狀況之重大影響。

成本攀升乃本集團最大之憂慮，尤其是香港之租金開支高企。本集團就此採取務實態度，評估每間門市之經濟效益。區內其他地方之經營成本則受到控制。

董事會建議維持全年股息與二零零五年相同，即末期股息每股港幣五仙及特別末期股息每股港幣一角五仙，符合本集團保持每股股息穩定之理念。連同中期股息每股港幣四點五仙及特別中期股息每股港幣二仙，全年股息達每股港幣二角六仙半（二零零五年：每股港幣二角六仙半），派息率佔年度溢利百分之一百九十二點七。

誠如本集團二零零五年年報所述，對本集團門市網絡之全面性檢討完成後，本集團已清楚界定其品牌。首先，*Giordano Ladies* 繼續以生活階層及要求均較高之女士為服務對象；其次，*Giordano Concepts* 將與*Giordano* 主系列品牌區分，以滿足顧客講究服飾外觀之要求。第三，*Giordano* 將順應服裝零售大眾市場之變化而作出轉型。最後，相對較新之品牌 *Bluestar Exchange* 繼獲得短期之巨大成功後，將會進行品牌重塑，提供高品味、基本且物有所值之日常服裝。

Dear Shareholders:

Although the Group maintained similar levels of turnover and gross profit in 2006 despite an unseasonably warm winter in most of its markets, inexorably rising costs dealt a blow to the Group's operating profit causing it to fall by 27.4 percent from the year before. A re-assessment of prior years' taxes in Mainland China brought the Group's profit after tax to only HK$218 million, an alarming 49.4 percent drop from 2005.

Apparel retailing inevitably entails multiple risks. A unique risk is weather. The Group manages this risk by relentlessly optimizing its supply chain and diversifying into product offerings less susceptible to weather. This strategy successfully mitigated the full impact of unfavorable weather conditions in 2006.

Rising costs, particularly Hong Kong's staggering rental expenses, are of the utmost concern to the Group. The Group takes a pragmatic approach in evaluating the economic merits of each location. Elsewhere in the region, operating costs are controllable.

Consistent with our stable dividend per share philosophy, the Board has recommended keeping the full year dividend the same as 2005, that is, a final dividend of 5.0 HK cents per share and a special final dividend of 15.0 HK cents per share. Total dividend, including the 4.5 HK cents regular interim dividend, and 2.0 HK cents special interim dividend, amounts to 26.5 HK cents per share (2005: 26.5 HK cents per share), representing a 192.7 percent payout of our annual profit.

As stated in our 2005 annual report, upon completion of a comprehensive review of our store network the Group has clearly defined its brands. First, *Giordano Ladies* will continue to serve a higher echelon of discerning women. Second, *Giordano Concepts* will grow out of the *Giordano* main brand to fulfil the wants of aesthetically demanding consumers. Third, *Giordano* will transform itself in tune with the changing apparel retail mass market. Finally, *Bluestar Exchange*, a relatively new brand which had a brief period of great success, will be re-branded to provide tasteful, basic and value-for-money apparel for everyday wear.

在核心競爭力方面，本集團於過往數年大量投資於客戶關係管理及供應鏈管理系統。該兩個系統之功能不僅屬世界級，其設計亦易於使用，讓本集團於世界各地之所有合作夥伴只需稍為學習即可採用。於未來數年，本集團將投資於設計等額外核心競爭力。

In the core competence arena, the Group has invested heavily in its customer relationship management and supply chain management systems in the past few years. Not only are these two systems world-class functionally, they are designed to be user-friendly so that they can be adopted by all of our partners globally with minimum orientation. The Group will invest in additional core competencies such as design in the next few years.

本集團之整體策略十分簡明，乃於多市場之環境因應情況靈活運用多品牌策略。本集團選擇此策略乃基於兩個原因。首先，現時本集團並無單一市場之規模足以提供可靠之擴展空間；其次，由於市場分散，本集團必須準確分辨適合各市場顧客之品牌，以將經營風險減至最低。本集團相信，此一簡單策略必然有效。

The Group's grand strategy is simple. It is a controlled multi-brand strategy applied discriminately in a multi-market environment. The Group has opted for this strategy for two reasons. First, no single market of the Group is today large enough to provide reliable growth space. Second, due to the diversity of its markets, the Group must accurately identify customer-brand fits in each market to minimize operational risks. We believe this strategy is so simple that it must work.

本集團緊記此策略，集中發展兩個亞洲市場。由於改善商品營銷及加強管理，中國大陸之業務加速增長，而本集團於印度清奈開設之門市亦好評如潮。印度之長遠前景潛力無限，本集團將於清奈以外之其他主要市中心增設門市。然而，中國大陸仍是主要發展市場，本集團將專注於提升並更新產品供應，並擴大本集團之零售及批發網絡。

With this in mind, we are keen on two Asian markets. Mainland China has seen growth accelerating on the strength of improved merchandising and strengthened management while our launch in Chennai in India has met excellent reception. India offers superb long term prospects and we will be establishing our presence in other key urban centres in addition to Chennai. The key growth market, however, remains Mainland China and we will focus on upgrading and updating our product offerings and growing our retail and wholesale networks.

二零零七年，本集團首要目標為加強執行品牌建立及業務擴充措施。因此，本集團在設計、營銷及市場推廣方面投放資源，並致力培育人才。

In 2007 our priority will be to strengthen execution on our branding and growth initiatives. Therefore, our resources will be invested in design, merchandising and marketing and the good shepherding of our talent pool.

本人藉此感謝本集團之股東、供應商、合作夥伴、員工及顧客於過去和將來對本集團之信心，其中多位更是自本集團創立便一直與本集團同行。

I would like to extend my sincere thanks and appreciation to our shareholders, suppliers and business partners, our employees, and our customers – many of whom have been with us since the beginning – for their past and continuing confidence.

劉國權
主席

二零零七年三月二十二日

LAU Kwok Kuen, Peter
Chairman

March 22, 2007

本集團經營業績

營業額

儘管本集團大部分市場年初天氣反常和暖，導致二零零六年上半年度營業額對比去年同期錄得百分之六點一之跌幅，但本集團全年營業額仍達港幣四十三億七千二百萬元，與二零零五年大致相若。本集團於下半年度收回失地，零售及分銷部門採取多項重要拓展業務措施，使下半年度銷售額明顯高於上半年度，而對比去年同期則增加百分之四。

RESULTS OF GROUP OPERATIONS

Turnover

The Group's full year turnover was HK$4,372 million, essentially on par with that of 2005, despite a 6.1 percent year-on-year decrease recorded in the first half of 2006 brought about by unseasonably warm temperatures at the start of the year in most of our markets. The Group caught up during the second half with the implementation of several important growth initiatives within its Retail & Distribution Division, so that second half sales came in significantly higher than the first half, and registered a 4.0 percent year-on-year increase.

		上半年度 First Half			下半年度 Second Half			全年 Full Year		
營業額 （港幣百萬元）	Turnover *(HK$ millions)*	**2006**	2005	變動 Change	**2006**	2005	變動 Change	**2006**	2005	變動 Change
零售及分銷	Retail & Distribution	**1,869**	1,953	(4.3%)	**2,150**	2,049	4.9%	**4,019**	4,002	0.4%
成衣貿易及製造	Garment Trading & Manufacturing	**480**	520	(7.7%)	**476**	523	(9.0%)	**956**	1,043	(8.3%)
集團內公司間銷售	Intra-group sales	**(328)**	(321)	2.2%	**(275)**	(311)	(11.6%)	**(603)**	(632)	(4.6%)
對外銷售	External sales	**152**	199	(23.6%)	**201**	212	(5.2%)	**353**	411	(14.1%)
本集團總計	Group total	**2,021**	2,152	(6.1%)	**2,351**	2,261	4.0%	**4,372**	4,413	(0.9%)

毛利

本集團二零零六年上半年度毛利對比去年同期下跌百分之六點八，惟下半年度零售銷售額及製造部門效率有所改善，推動毛利有所回升，將全年毛利下跌幅度止於百分之二點九。為應付冬季銷情呆滯，本集團技術性調高折扣以致毛利率暫時下跌，惟仍維持集團全年之毛利率於百分之四十九點八。

Gross Profit

After a 6.8 percent year-on-year decrease in the Group's gross profit in the first half of 2006, an upsurge in retail sales and efficiency improvements in the manufacturing side drove a recovery in the second half sufficient to limit the overall year-on-year decline in gross profit to 2.9 percent. Although gross margin took a temporary setback due to a tactical increase in discounting to tackle sluggish winter sales, we nevertheless managed to maintain the Group's gross margin at a respectable 49.8 percent for the year.

		上半年度 First Half			下半年度 Second Half			全年 Full Year		
本集團	Group	**2006**	2005	變動 Change	**2006**	2005	變動 Change	**2006**	2005	變動 Change
毛利 （港幣百萬元）	Gross profit *(HK$ millions)*	**1,021**	1,096	(6.8%)	**1,157**	1,147	0.9%	**2,178**	2,243	(2.9%)
毛利率	Gross margin	**50.5%**	50.9%	(0.4)	**49.2%**	50.7%	(1.5)	**49.8%**	50.8%	(1.0)

經營費用、經營溢利及未計利息、稅項、折舊及攤銷費用之盈利(EBITDA)

由於租金成本仍然高企且持續上漲，以致本集團店舖成本於二零零六年上升百分之七點七。作為本集團另一主要開支之薪金，亦承受重大上調壓力，店舖員工成本增加百分之五點四，而本集團果斷地暫時將廣告及宣傳等酌情開支減少百分之十二點五，以抵銷部分上升成本。然而，經營費用於二零零六年下半年大幅增加百分之十點三，以致全年經營費用上升百分之五至港幣十九億一千六百萬元（二零零五年：港幣十八億二千五百萬元）。故此，經營溢利降至港幣三億七千六百萬元，較去年減少百分之二十七點四，而二零零六年經營溢利率亦由二零零五年之百分之十一點七下跌至二零零六年之百分之八點六。

Operating Expenses, Operating Profit and Earnings before Interest, Taxation, Depreciation and Amortization Expense (EBITDA)

Rental costs remained high and on the rise, causing the Group's shop occupancy costs to rise by 7.7 percent in 2006. Wages, our other major expense, also experienced significant upward pressure and shop staff cost rose by 5.4 percent. This was partially offset by judicious and temporary cutbacks in discretionary spending such as advertising and promotion which was reduced by 12.5 percent. Nevertheless, operating expenses took a sharp turn upwards to increase by 10.3 percent during the latter half of 2006 so that full year operating expenses increased by 5.0 percent to HK$1,916 million (2005: HK$1,825 million). As such, operating profit came to HK$376 million, a decrease of 27.4 percent from the previous year. This works out to an operating margin of 8.6 percent in 2006, down from 11.7 percent in 2005.

		上半年度 First Half			下半年度 Second Half			全年 Full Year		
本集團	Group	**2006**	2005	變動 Change	**2006**	2005	變動 Change	**2006**	2005	變動 Change
經營溢利（港幣百萬元）	Operating profit (*HK$ millions*)	**184**	246	(25.2%)	**192**	272	(29.4%)	**376**	518	(27.4%)
經營溢利率	Operating margin	**9.1%**	11.4%	(2.3)	**8.2%**	12.0%	(3.8)	**8.6%**	11.7%	(3.1)

本集團之 EBITDA下 跌百分之二十四點四至港幣五億一千三百萬元（二零零五年：港幣六億七千九百萬元），而二零零六年 EBITDA 之利潤率則為百分之十一點七（二零零五年：百分之十五點四）。

The Group's EBITDA decreased by 24.4 percent to HK$513 million (2005: HK$679 million) and its 2006 EBITDA margin was 11.7 percent (2005: 15.4 percent).

股東應佔溢利

競爭加劇加上消費者信心疲弱對本集團南韓及中東業務造成衝擊，使其除稅後溢利貢獻減少百分之七十二點五至港幣八百萬元。惟本集團合營製衣公司完成其首次全年營運並作出貢獻以抵銷部分溢利下跌。整體而言，本集團共同控制及聯營公司之除稅後溢利貢獻減少百分之四十八點四至港幣一千六百萬元（二零零五年：港幣三千一百萬元）。現時南韓及中東均積極進行重組以應付競爭問題。

Profit Attributable to Shareholders

Intensifying competition and weaker consumer confidence impacted the Group's South Korean and Middle East operations, reducing their after-tax profit contribution by 72.5 percent to HK$8 million. However, this was partly offset by contribution from the Group's manufacturing joint venture which completed its first full year of operation. Overall, after-tax profit contribution from the Group's jointly controlled and associated companies declined by 48.4 percent to HK$16 million (2005: HK$31 million). Aggressive re-merchandising efforts are underway in both South Korea and the Middle East to address the competition issue.

於二零零六年下半年度，中華人民共和國廣州市國家稅務局(「廣州市國稅局」)對本集團於中國大陸之轉讓定價安排進行審核調查，主要集中於專利權收入。廣州市國稅局在裁決中指出，決定調增本集團在中國大陸零售及分銷業務過往數年之應納稅所得額，並因此重新評估本集團之額外外商投資企業和外國企業所得稅約港幣六千六百萬元，本集團已就該稅項於二零零六年作出撥備。管理層計劃向更高稅務機關申請覆核有關裁決。

In the second half of 2006, the Guangzhou Municipal Office of the State Administration of Taxation of the People's Republic of China (the "SAT Guangzhou Office") conducted a review of the Group's transfer pricing policy in Mainland China, concentrating primarily on royalties. In its ruling, the SAT Guangzhou Office contended that the taxable income of the Group's retail and distribution arm in Mainland China for prior years should be adjusted upwards and, as a result of such adjustment, it made a reassessment of approximately HK$66 million in additional Foreign Enterprise Income Tax for which we have made the provision in 2006. Management plans to apply with the tax authority at the next higher level for a review of the ruling.

基於上文所述，股東應佔溢利減少百分之四十九點五至港幣二億零五百萬元(二零零五年：港幣四億零六百萬元)。倘並無該項中國稅務裁決，股東應佔溢利將減少百分之三十三點三。

As a result of the above, profit attributable to shareholders decreased by 49.5 percent to HK$205 million (2005: HK$406 million). In the absence of the China tax ruling, profit attributable to shareholders would have decreased by 33.3 percent.

現金流量

Cash Flow

經營業務之現金流入下降至港幣三億零六百萬元(二零零五年：港幣四億八千九百萬元)，主要由於毛利減少及存貨增加港幣五千三百萬元所致，而年底之存貨對銷售流轉比率亦因此增至三十五日，惟於二零零七年二月底已回落至三十三日。

Cash inflow from operating activities decreased to HK$306 million (2005: HK$489 million), mainly due to lower gross profit and an increase in inventories by HK$53 million which caused inventory turnover on sales to rise to 35 days at the end of the year, but have since been reduced to 33 days as at end-February 2007.

投資業務之現金流出額增加港幣六百萬元至港幣九千五百萬元(二零零五年：港幣八千九百萬元)，由租賃按金、租賃土地及租金預付款項增加港幣一千七百萬元所致，但因本集團押後店舖翻新及開設新門市所減少之港幣九百萬元資本開支而部分抵銷。儘管資本開支減少港幣九百萬元，仍達至港幣一億一千一百萬元，佔二零零六年經營業務現金流入額百分之三十六點三，較二零零五年高出十一點八個百分點。

Cash outflow from investing activities, increased by HK$6 million to HK$95 million (2005: HK$89 million) due to a HK$17 million increase in rental deposits, leasehold land and rental prepayments but this was partially offset by a HK$9 million decrease in capital expenditure as we deferred store renovations and openings. Despite the HK$9 million reduction, capital expenditure still amounted to HK$111 million and accounted for 36.3 percent of cash inflow from operating activities in 2006, 11.8 percentage points higher than 2005.

融資活動之現金流出額為港幣三億九千七百萬元，較二零零五年錄得之港幣二億五千五百萬元高出港幣一億四千二百萬元，主要由於來自管理層員工行使購股權之所得現金款項減少港幣一億零九百萬元所致。

At HK$397 million, cash outflow from financing activities was HK$142 million higher than the HK$255 million recorded in 2005, attributable primarily to a HK$109 million decrease in cash proceeds from exercise of share options by management staff.

本集團之財務狀況

於二零零六年十二月三十一日，本集團之現金及銀行存款為港幣七億二千三百萬元（二零零五年：港幣九億零三百萬元）。

本集團之營運資金於二零零六年減少至港幣八億六千二百萬元（二零零五年：港幣十億二千九百萬元）。流動比率為二點一倍，低於二零零五年年底之二點六倍。

於年底，本集團之存貨總額由二零零五年錄得之港幣三億六千九百萬元增加至港幣四億二千二百萬元。存貨對銷售流轉比率為三十五日（二零零五年：三十一日）。二零零七年首兩個月此數字已降至三十三日。

於二零零六年十二月三十一日，總負債為港幣八億九千四百萬元（二零零五年：港幣七億五千五百萬元），升幅主要由於應付賬款及其他應付款增加港幣八千四百萬元以及稅項增加港幣六千二百萬元所致。股東權益為港幣十九億八千七百萬元（二零零五年：港幣二十一億二千二百萬元）。而按照股東權益計算之資本負債比率為百分之二點九(二零零五年：百分之三點六)。

年內之資本開支為港幣一億一千一百萬元（二零零五年：港幣一億二千萬元），佔經營業務現金流入淨額百分之三十六點三（二零零五年：百分之二十四點五）。由於本集團加快店舖翻新速度，並將店舖增長淨額提升至一百二十間門市，管理層估計二零零七年之資本開支將回升至介乎港幣一億二千萬元至港幣一億五千萬元之間。

於年底，本集團之融資信貸合共港幣四億零三百萬元（二零零五年：港幣三億八千九百萬元），當中港幣五千八百萬元之循環貸款已經提用而尚未償還。於二零零六年十二月三十一日，本集團之或然負債為港幣一千一百萬元（二零零五年：港幣九百萬元），該等款項乃於正常業務運作中產生。

GROUP FINANCIAL POSITION

At December 31, 2006, the Group had cash and bank deposits of HK$723 million (2005: HK$903 million).

During 2006 the Group's working capital decreased to HK$862 million (2005: HK$1,029 million). Its current ratio was 2.1 times, a decrease from the 2.6 times at the end of 2005.

At the end of the year, the Group's inventories totalled HK$422 million, up from the HK$369 million recorded in 2005 and inventory turnover on sales was 35 days (2005: 31 days). The first two months of 2007 have seen us bringing the figure down to 33 days.

At December 31, 2006, total liabilities were HK$894 million (2005: HK$755 million). The increase is mainly due to a HK$84 million increase in trade and other payables and a HK$62 million increase in tax. Shareholders' equity was HK$1,987 million (2005: HK$2,122 million). The Group's gearing was 2.9 percent (2005: 3.6 percent) based on shareholders' equity.

Capital expenditure during the year was HK$111 million (2005: HK$120 million), representing 36.3 percent (2005: 24.5 percent) of net cash inflow from operating activities. Management estimates 2007 capital expenditure to range higher between HK$120 million and HK$150 million as we pick up our pace on store refurbishments and increase net store growth to 120 outlets.

The Group had financing facilities totalling HK$403 million at the end of the year (2005: HK$389 million), of which HK$58 million in revolving loan facilities had been drawn and were outstanding. As at December 31, 2006, the Group had contingent liabilities of HK$11 million (2005: HK$9 million) incurred in the normal course of business.

部門業務概況

成衣貿易及製造部門

於二零零六年，成衣貿易及製造部門之總營業額（包括集團內公司間銷售）減少百分之八點三至港幣九億五千六百萬元。對外銷售上半年度下跌百分之二十三點六後，於下半年度開始重回升軌，全年達港幣三億五千三百萬元，佔該部門二零零六年營業額百分之三十六點九。

DIVISIONAL OPERATIONS HIGHLIGHTS

Garment Trading and Manufacturing Division

In 2006 the Garment Trading & Manufacturing Division's total turnover including intra-group sales decreased 8.3 percent to HK$956 million. After a decrease of 23.6 percent in the first half, external sales started on the track of recovery in the second half, amounting to HK$353 million for the full year or 36.9 percent of the division's turnover in 2006.

		上半年度 First Half			下半年度 Second Half			全年 Full Year		
(港幣百萬元)	***(HK$ millions)***	**2006**	2005	變動 Change	**2006**	2005	變動 Change	**2006**	2005	變動 Change
營業額	Turnover	**480**	520	(7.7%)	**476**	523	(9.0%)	**956**	1,043	(8.3%)
集團內公司間銷售	Intra-group sales	**(328)**	(321)	2.2%	**(275)**	(311)	(11.6%)	**(603)**	(632)	(4.6%)
對外銷售	External sales	**152**	199	(23.6%)	**201**	212	(5.2%)	**353**	411	(14.1%)
經營溢利	Operating profit	**20**	32	(37.5%)	**22**	26	(15.4%)	**42**	58	(27.6%)
經營溢利率	Operating margin	**4.2%**	6.2%	(2.0)	**4.6%**	5.0%	(0.4)	**4.4%**	5.6%	(1.2)

該部門致力提升本身於價值鏈之地位（由過往之原設備製造 (OEM) 模式轉為原設計製造 (ODM) 模式），以及其於成本較低之華北地區投資新製衣業務，於二零零六年下半年度開始取得成果。對外銷售及溢利均開始回升，將上半年度經營溢利百分之三十七點五之跌幅收窄。就全年而言，成衣貿易及製造部門之經營溢利減少百分之二十七點六至港幣四千二百萬元。隨著該部門之對外銷售於二零零七年首兩個月達致雙位數字增長，經營溢利繼續快速回升。

The division's efforts to move itself up the value chain from the OEM (Original Equipment Manufacturer) model of the past to an ODM (Original Design Manufacturer) model and its investment in new manufacturing capacity in the lower cost northern China region came to fruition in the second half of 2006. Both external sales and profits began to recover, narrowing the 37.5 percent decrease in operating profit in the first half. For the full year, operating profit at the Garment Trading & Manufacturing Division decreased by 27.6 percent to HK$42 million. The recovery continued apace with the division achieving double-digit external sales growth in the first two months of 2007.

本集團之合營公司 Higrowth Ventures 見證其位於中國東莞之製衣廠完成首次全年營運。該公司於二零零六年錄得總銷售額港幣三億二千一百萬元，並向本集團作出除税後溢利貢獻港幣八百萬元（二零零五年：港幣一百萬元）。於二零零六年十二月三十一日，本集團於 Higrowth 持有百分之四十九股權。

Higrowth Ventures, the Group's joint-venture, saw its garment factory in Dongguan, China, complete its first full year of operation. It recorded total sales of HK$321 million in 2006 and made an after-tax profit contribution of HK$8 million (2005: HK$1 million) to the Group. The Group held a 49.0 percent shareholding in Higrowth as at December 31, 2006.

零售及分銷部門－概覽

大中華地區之冬季較平時和暖，加上東南亞消費開支因利率及燃油價格高企而放緩，導致零售及分銷部門二零零六年上半年度之營業額對比去年同期下跌百分之四點三。然而，由於推出新產品，下半年度之銷售額強勁反彈，期內營業額對比去年同期上升百分之四點九。綜觀全年，零售及分銷部門之營業額維持於港幣四十億一千九百萬元之穩定水平。破紀錄之和暖冬季以及租金與員工成本高企使盈利率受壓。因此，全年經營溢利減少百分之二十七點四，而經營溢利率較二零零五年下跌三點二個百分點。本集團增設七十三間新店，將全球網絡擴展至二零零六年年底之一千七百六十七間門市。

Retail and Distribution Division – Overview

A warmer-than-usual winter in Greater China together with a slowdown in consumer spending in Southeast Asia from higher interest rates and fuel prices caused the Retail & Distribution Division's first half of 2006 turnover to decrease by 4.3 percent on a year-on-year basis. However, sales recovered strongly in the second half as a result of new product introductions, with turnover growing by 4.9 percent year-on-year during the period. Full year turnover at the Retail & Distribution Division held steady at HK$4,019 million. Margins were pressurized by a record warm winter and higher rental and staff costs. As a result, full year operating profit decreased by 27.4 percent while operating margin came in 3.2 percentage points lower than 2005. The Group added 73 outlets to bring its global network to 1,767 outlets at the end of 2006.

		上半年度 First Half			下半年度 Second Half			全年 Full Year		
(港幣百萬元)	***(HK$ millions)***	**2006**	2005	變動 Change	**2006**	2005	變動 Change	**2006**	2005	變動 Change
營業額	Turnover	**1,869**	1,953	(4.3%)	**2,150**	2,049	4.9%	**4,019**	4,002	0.4%
可比較門市之銷售額	Comparable store sales	**(5.3%)**	(0.3%)	N/A	**(0.4%)**	(0.7%)	N/A	**(3.0%)**	(0.5%)	N/A
經營溢利	Operating profit	**164**	214	(23.4%)	**170**	246	(30.9%)	**334**	460	(27.4%)
經營溢利率	Operating margin	**8.8%**	11.0%	(2.2)	**7.9%**	12.0%	(4.1)	**8.3%**	11.5%	(3.2)

踏入二零零七年度後，業績持續改善，儘管本集團主要市場於農曆新年之重要銷售期間錄得破紀錄之高氣溫，該部門之營業額於二零零七年首兩個月仍達致雙位數字增長。

Performance continued to improve going into 2007, with the division achieving double-digit turnover growth in the first two months of 2007 despite record high temperatures during the crucial Chinese New Year sales period in our main markets.

零售及分銷部門－按品牌回顧

Giordano 及 *Giordano Junior* 於上半年度之營業額下跌百分之四點四，但於下半年度大幅回升，增長百分之五點三，使全年營業額達港幣三十五億零七百萬元，較二零零五年上升百分之零點六。可比較門市之銷售額年內跌幅亦收窄至百分之三點四。年內，本集團推出新品牌 *Giordano Concepts*，並於印度清奈開設首間 *Giordano* 店鋪。整體而言，本集團於二零零六年增設六十間 *Giordano*及*Giordano Junior* 門市，使全球店舖總數增至一千五百八十七間。

Retail and Distribution Division – Review by Brand

Giordano and *Giordano Junior* saw first half turnover decreasing by 4.4 percent but staged a strong recovery to grow by 5.3 percent in the second half so that full year turnover was HK$3,507 million, a 0.6 percent increase over 2005. Comparable store sales decrease also narrowed to 3.4 percent for the year. The year saw the launch of the new *Giordano Concepts* brand as well as the establishment of the first *Giordano* store in Chennai, India. Overall, the Group added 60 *Giordano* and *Giordano Junior* outlets in 2006, bringing the total store count to 1,587 worldwide.

		上半年度 First Half			下半年度 Second Half			全年 Full Year		
Giordano, Giordano Junior		**2006**	2005	變動 Change	**2006**	2005	變動 Change	**2006**	2005	變動 Change
營業額（港幣百萬元）	Turnover (*HK$ millions*)	**1,624**	1,698	(4.4%)	**1,883**	1,789	5.3%	**3,507**	3,487	0.6%
可比較門市之銷售額	Comparable store sales	**(5.9%)**	0.1%	N/A	**(0.5%)**	(1.0%)	N/A	**(3.4%)**	(0.5%)	N/A

Giordano Ladies 之總銷售額於二零零六年增長百分之十二點四，而可比較門市之銷售額則上升百分之八點一。除台灣外，所有市場之營業額於年內均錄得雙位數字增長。本集團於北京、上海、香港及新加坡各增設一間門市，將區內 *Giordano Ladies* 網絡增至三十一間門市。

Total sales at *Giordano Ladies* grew 12.4 percent in 2006 while comparable store sales were up 8.1 percent. All markets except Taiwan posted double-digit turnover growth during the year. The Group added one outlet each in Beijing, Shanghai, Hong Kong and Singapore to bring the *Giordano Ladies* network to 31 locations in the region.

		上半年度 First Half			下半年度 Second Half			全年 Full Year		
Giordano Ladies		**2006**	2005	變動 Change	**2006**	2005	變動 Change	**2006**	2005	變動 Change
營業額（港幣百萬元）	Turnover (*HK$ millions*)	**92**	84	9.5%	**116**	101	14.9%	**208**	185	12.4%
可比較門市之銷售額	Comparable store sales	**6.4%**	(2.1%)	N/A	**9.6%**	8.5%	N/A	**8.1%**	3.3%	N/A

Bluestar Exchange 缺乏獨特品牌個性及多元化產品供應，在競爭激烈之低價市場中經營困難，其營業額及可比較門市之銷售額於二零零六年分別下跌百分之七點九及百分之六點八。本集團現正為 *Bluestar Exchange* 進行品牌重塑計劃，一洗其廉價形象，吸引較年青之顧客層。截至二零零六年年底，本集團增設九間 *Bluestar Exchange* 門市，將店舖數目增至一百四十九間。

Lacking a distinctive brand identity and differentiated product offering, *Bluestar Exchange* was squeezed in the overcrowded low cost segment and saw its turnover and comparable store sales decreasing by 7.9 percent and 6.8 percent respectively in 2006. Plans are underway to re-brand *Bluestar Exchange* to shed its budget image and to appeal to a younger demographic. The Group added nine *Bluestar Exchange* outlets to bring the total store count to 149 by the end of 2006.

		上半年度 First Half			下半年度 Second Half			全年 Full Year		
Bluestar Exchange		**2006**	2005	變動 Change	**2006**	2005	變動 Change	**2006**	2005	變動 Change
營業額（港幣百萬元）	Turnover (*HK$ millions*)	**153**	171	(10.5%)	**151**	159	(5.0%)	**304**	330	(7.9%)
可比較門市之銷售額	Comparable store sales	**(6.1%)**	(2.6%)	N/A	**(7.7%)**	(3.7%)	N/A	**(6.8%)**	(3.1%)	N/A

零售及分銷部門 — 按市場回顧

銷售額上半年度表現疲弱，至下半年度，中國大陸錄得最佳業績，其銷售額對比去年同期增長百分之十八點二。整體銷售額於下半年度增長百分之四點九，全年則增長百分之零點四。由於利潤率較高之冬季貨品銷售緩慢，加上策略性提高折扣，所有市場之毛利率均有所收縮。二零零七年首兩個月，中國大陸之銷售額繼續錄得雙位數字增長，本集團將繼續將其資源及注意力集中於此地區，以保持增長動力。

Retail and Distribution Division — Review by Market

After a weak first half, sales picked up strongly in the second half with Mainland China posting the best performance, increasing by 18.2 percent year-on-year. Overall sales grew by 4.9 percent in the second half and 0.4 percent for the year. All markets experienced gross margin contraction due to slower sales of higher margin winter items and a tactical increase in discounting. The first two months of 2007 saw Mainland China continue posting double-digit sales growth and the Group will continue to focus its resources and attention here to keep up the momentum.

中國大陸 Mainland China

		2006	2005	2004	2003	2002
銷售額(港幣百萬元)[1]	Sales (HK$ millions)[1]	**1,090**	987	952	815	856
每平方呎銷售額(港元)[2]	Sales per sq. ft. (HK$)[2]	**2,400**	2,400	2,400	3,000	4,000
可比較門市之銷售額增加/(減少)[3]	Comparable store sales increase/(decrease)[3]	**9%**	6%	7%	(13%)	–
零售面積(平方呎)[4]	Retail floor area (sq. ft.)[4]	**605,100**	585,600	557,800	484,300	434,800
門市數目[4]	Number of outlets[4]	**729**	706	671	581	532

1 *包括售予特許專賣商之銷售淨額*
2 *按加權平均基準計算之直接管理之門市*
3 *指於兩個作比較之財政年度內經營滿十二個月之直接管理門市*
4 *於十二月三十一日直接管理及特許專賣商門市總數*

1 *Including net sales to authorized dealers*
2 *On weighted-average basis for directly managed outlets*
3 *For directly managed outlets which were open for the full 12 months in each of the two fiscal years under comparison*
4 *Total directly managed and authorized dealer outlets as at December 31*

農曆新年天氣反常和暖，以致上半年度銷售額增長放緩至百分之一點七，其後中國大陸之營業額增長顯著加快，儘管寒冷天氣遲來，但仍於下半年達百分之十八點二。整體而言，全年銷售額增長百分之十點四，而可比較門市之銷售額增長百分之八點五。每平方呎銷售額保持於港幣二千四百元之穩定水平。龐大加租壓力(尤其於一線城市)拖慢開設新店之步伐，本集團於二零零六年在中國大陸共增設二十三間門市，將本集團之網絡增至年底之七百二十九間。

After an unseasonably warm Chinese New Year which caused sales growth to slow down to 1.7 percent in the first half, turnover growth in Mainland China accelerated sharply to 18.2 percent in the second half despite the late arrival of cold weather. Overall, turnover grew by 10.4 percent for the year while comparable stores sales increased by 8.5 percent. Sales per square foot held steady at HK$2,400. Significant upward rental pressure especially in the first-tier cities slowed the pace of new store roll-out and we added a total of 23 outlets in Mainland China in 2006 to bring our network to 729 locations at year-end.

		上半年度 First Half			下半年度 Second Half			全年 Full Year		
中國大陸	Mainland China	**2006**	2005	變動 Change	**2006**	2005	變動 Change	**2006**	2005	變動 Change
營業額(港幣百萬元)	Turnover (HK$ millions)	**472**	464	1.7%	**618**	523	18.2%	**1,090**	987	10.4%
可比較門市之銷售額	Comparable store sales	**7.2%**	2.0%	N/A	**9.7%**	9.3%	N/A	**8.5%**	5.5%	N/A

本集團於二零零六年加強其中國大陸之管理層，並將於二零零七年繼續投放更多資源以保持增長動力。本集團優先考慮在低成本二線城市及內陸省份透過增加特許經營而達致長期盈利增長。

In 2006 the Group has strengthened its management bench in Mainland China and will continue to invest more resources to keep up the growth momentum in 2007. We will give priority to driving profitable growth in lower cost second-tier cities and inland provinces mainly through increased franchising.

香港 Hong Kong

		2006	2005	2004	2003	2002
銷售額(港幣百萬元)	Sales (HK$ millions)	**873**	867	810	697	776
每平方呎銷售額(港元)[1]	Sales per sq. ft. (HK$)[1]	**7,600**	7,400	7,100	6,200	6,800
可比較門市之銷售額增加/(減少)[2]	Comparable store sales increase/(decrease)[2]	**5%**	4%	11%	(15%)	3%
零售面積(平方呎)[3]	Retail floor area (sq. ft.)[3]	**117,300**	119,500	113,700	112,100	116,400
門市數目[3]	Number of outlets[3]	**98**	101	92	75	73

1 *按加權平均基準計算*
2 *指於兩個作比較之財政年度內經營滿十二個月之門市*
3 *於十二月三十一日*

1 *On weighted-average basis*
2 *For outlets which were open for the full 12 months in each of the two fiscal years under comparison*
3 *As at December 31*

向來表現強勁可靠之香港市場情況與中國大陸相似，由於天氣反常而導致年內表現較預期放緩。收益於上半年度錄得百分之一點九之增長，其後第四季破紀錄之高溫擾亂銷售情況，故下半年度及全年整體之營業額與二零零五年相若。然而，*Giordano*及*Giordano Ladies*增添活力之商品，有助將每平方呎銷售額提升百分之三至港幣七千六百元，並將可比較門市之銷售額提升百分之五點四。*Giordano Ladies*之業績最佳，銷售額增加百分之十三。

The normally strong and reliable Hong Kong market experienced similarly unusual weather conditions as Mainland China, resulting in a slower than expected year. After experiencing a 1.9 percent gain in the first half, record high temperatures disrupted sales in the fourth quarter so that turnover for the second half and the year as a whole came in about flat compared to 2005. However, revitalized merchandising at *Giordano* and *Giordano Ladies* helped boost sales per square foot by 3 percent to HK$7,600 and comparable store sales by 5.4 percent. *Giordano Ladies* posted the best performance with sales increasing by 13 percent.

		上半年度 First Half			下半年度 Second Half			全年 Full Year		
香港	Hong Kong	**2006**	2005	變動 Change	**2006**	2005	變動 Change	**2006**	2005	變動 Change
營業額(港幣百萬元)	Turnover (HK$ millions)	**420**	412	1.9%	**453**	455	(0.4%)	**873**	867	0.7%
可比較門市之銷售額	Comparable store sales	**4.4%**	3.8%	N/A	**6.7%**	4.9%	N/A	**5.4%**	4.4%	N/A

在成本方面，由於零售空間及人才競爭加劇，本集團承受租金及員工成本上漲之龐大壓力，年內淨減少了三間門市，以致香港門市總數於二零零六年年底為九十八間。

On the cost side, we experienced significant upward pressure in both rental and staff costs as competition for retail space and talent heated up. The year saw a net reduction of three outlets, bringing the total number of outlets in Hong Kong to 98 at the end of 2006.

台灣 Taiwan

		2006	2005	2004	2003	2002
銷售額（港幣百萬元）	Sales *(HK$ millions)*	**658**	732	707	604	677
每平方呎銷售額（港元）[1]	Sales per sq. ft. *(HK$)* [1]	**2,800**	3,000	2,900	2,600	2,900
可比較門市之銷售額（減少）/增加[2]	Comparable store sales (decrease)/increase [2]	**(9%)**	(6%)	1%	(13%)	(15%)
零售面積（平方呎）[3]	Retail floor aea (sq. ft.) [3]	**235,800**	243,900	245,800	241,500	232,900
門市數目[3]	Number of outlets [3]	**239**	237	236	195	182

1 *按加權平均基準計算* / *On weighted-average basis*

2 *指於兩個作比較之財政年度內經營滿十二個月之門市* / *For outlets which were open for the full 12 months in each of the two fiscal years under comparison*

3 *於十二月三十一日* / *As at December 31*

一月及二月天氣反常和暖，加上消費信貸大幅緊縮，導致台灣上半年度營業額減少百分之十七點六。受政治性領導危機及破紀錄之和暖冬季對消費開支造成負面影響，下半年度市場環境持續嚴竣。本集團就此推出新產品及以目標為本之宣傳，故本集團下半年度之銷售額跌幅收窄至百分之一點五，較上半年度顯著改善。整體而言，對比去年同期，零售銷售額下跌百分之十點一，而可比較門市之銷售額則下跌百分之九點一。本集團淨增加兩間零售門市，使台灣店舖總數達二百三十九間。

Abnormally warm weather in January and February combined with a sharp contraction in consumer credit caused Taiwan's first half turnover to decrease by 17.6 percent. Market conditions continued to be challenging in the second half, with the political leadership crisis and a record warm winter negatively impacting consumer spending. We countered with new product launches and targeted promotions so that our second half sales decrease narrowed to 1.5 percent, a significant improvement over the first half of the year. Overall, retail sales decreased by 10.1 percent and comparable store sales decreased by 9.1 percent year-on-year. There was a net addition of two retail outlets to bring the total store count in Taiwan to 239.

		上半年度 First Half			下半年度 Second Half			全年 Full Year		
台灣	Taiwan	2006	2005	變動 Change	2006	2005	變動 Change	2006	2005	變動 Change
營業額（港幣百萬元）	Turnover *(HK$ millions)*	**322**	391	(17.6%)	**336**	341	(1.5%)	**658**	732	(10.1%)
可比較門市之銷售額	Comparable store sales	**(13.7%)**	(3.8%)	N/A	**(3.0%)**	(8.4%)	N/A	**(9.1%)**	(5.8%)	N/A

新加坡 Singapore

		2006	2005	2004	2003	2002
銷售額(港幣百萬元)	Sales *(HK$ millions)*	**403**	403	391	348	372
每平方呎銷售額(港元)[1]	Sales per sq. ft. *(HK$)*[1]	**7,700**	8,300	8,700	7,700	9,000
可比較門市之銷售額 (減少)/增加[2]	Comparable store sales (decrease)/increase[2]	**(12%)**	(1%)	13%	(14%)	(7%)
零售面積(平方呎)[3]	Retail floor area (sq. ft.)[3]	**55,100**	50,500	48,600	43,600	46,000
門市數目[3]	Number of outlets[3]	**53**	48	47	43	49

[1] *按加權平均基準計算*

[2] *指於兩個作比較之財政年度內經營滿十二個月之門市*

[3] *於十二月三十一日*

[1] *On weighted-average basis*

[2] *For outlets which were open for the full 12 months in each of the two fiscal years under comparison*

[3] *As at December 31*

中產階級收入增長停滯不前，加上來自國際及亞洲品牌之競爭加劇，使本集團於新加坡之業績面臨挑戰。上半年度銷售額錄得百分之七點三之跌幅，其後本集團推出新貨品，並更積極宣傳，下半年度之銷售額止跌回升，本集團年初之管理層變動亦開始穩定。因此，下半年銷售額增加百分之七點六，二零零六年之業績與二零零五年相若。

Stagnant middle class income growth coupled with increased competition from both international and Asian brands challenged our results in Singapore. After a 7.3 percent reduction in the first half, new merchandise launches and more aggressive promotions fuelled a comeback during the second half. Management changes we made in the beginning of the year had also begun to stabilize. As a result sales increased by 7.6 percent in the second half such that we managed to close 2006 on par with 2005 results.

		上半年度 First Half			下半年度 Second Half			全年 Full Year		
新加坡	Singapore	**2006**	2005	變動 Change	**2006**	2005	變動 Change	**2006**	2005	變動 Change
營業額 (港幣百萬元)	Turnover *(HK$ millions)*	**190**	205	(7.3%)	**213**	198	7.6%	**403**	403	–
可比較門市之銷售額	Comparable store sales	**(15.7%)**	1.3%	N/A	**(7.4%)**	(3.7%)	N/A	**(11.9%)**	(1.2%)	N/A

本集團於二零零六年在新加坡增設五間門市，但一如大部分大城市之市場，鑒於租金及員工成本壓力上升，預期二零零七年將減慢擴充步伐。

We added five outlets in Singapore in 2006 but expect the pace to slow in 2007 in view of the rising rental and staff cost pressures common with most other metropolitan markets.

其他市場

年內，本集團其他市場之業績個別發展，其中泰國之業績最佳，銷售額上升百分之九點九，其次為印尼市場，升幅為百分之四點三。

Other Markets

During the year, the Group's other markets saw mixed performance with Thailand posting the best performance with sales up 9.9 percent, followed by Indonesia at 4.3 percent.

銷售額 (港幣百萬元)	Sales (HK$ millions)	澳洲 Australia	馬來西亞 Malaysia	印尼 Indonesia	泰國 Thailand	日本 Japan	其他 Others
二零零六年	**2006**	**227**	**120**	**145**	**100**	**59**	**344**
二零零五年	2005	222	126	139	91	63	372
對比去年 增加/(減少)	Year-on-year increase/(decrease)	2.3%	(4.8%)	4.3%	9.9%	(6.3%)	(7.5%)

澳洲

由於利率攀升及燃油價格高企，澳洲消費信心疲弱，導致本集團於澳洲之銷售額於二零零六年輕微上升超過百分之二至港幣二億二千七百萬元。本集團增設七間門市，使本集團之網絡於二零零六年年底增至五十九間門市。

Australia

Australian consumer confidence weakened due to rising interest rates and higher petrol prices and as a result our sales in Australia grew by slightly over 2 percent in 2006 to HK$227 million. We added seven outlets to bring our network to 59 outlets as at the end of 2006.

馬來西亞、印尼及泰國

該三個市場情況與澳洲相似，均受到利率攀升和燃料漲價導致消費信心下滑的負面影響。因此，本年度馬來西亞之營業額下跌百分之四點八，而印尼之營業額增長放緩至百分之四點三。泰國業績最佳，銷售額增長百分之九點九，增幅主要來自新開設之店舖。本集團於馬來西亞、印尼及泰國分別增設五間、十七間及六間店舖，因此，該三個市場於年底之店舖總數分別為五十八間、八十四間及六十三間。

Malaysia, Indonesia and Thailand

Like Australia, all three markets were negatively impacted by interest rate increases and fuel price hikes which took their toll on consumer confidence. As a result, Malaysia ended the year with turnover down 4.8 percent while Indonesia saw turnover growth slowing to 4.3 percent. Thailand posted the best performance with sales growing by 9.9 percent, mainly from new store openings. We added five stores in Malaysia, seventeen in Indonesia and six in Thailand so that at the end of the year the total store counts in these three markets stood at 58, 84 and 63 respectively.

日本

本集團繼續重組店舖組合，關閉業績欠佳之門市，因此，二零零六年淨減少一間門市，將店舖總數減至年底之二十間。雖然銷售額因此對比去年減少百分之六點三，但本集團之業務達致收支平衡，對此一向以來具挑戰性之市場而言，不啻為一個里程碑。

Japan

We continued to restructure our store portfolio to exit from under-performing locations and consequently 2006 saw a net reduction of one outlet, taking total store count down to 20 at the end of the year. Although sales decreased by 6.3 percent year-on-year as a result, our operations achieved a milestone by breaking even in what has been a challenging market for us.

合營公司

南韓

北韓核危機加上破紀錄之冬季高溫對消費信心及開支造成不利影響，導致本集團於南韓之銷售額按當地幣值減少百分之五（銷售額兑換為港幣後則上升百分之一點九）。本集團為清貨提高折扣，毛利率受壓，故本集團於南韓之共同控制公司於年內僅收支平衡。由於本集團持續重組店鋪網絡，店鋪總數減少二十間至一百四十八間。於二零零六年十二月三十一日，本集團持有南韓之共同控制公司百分之四十九點四之股權。

JOINT VENTURES

South Korea

The North Korean nuclear crisis combined with record high winter temperatures adversely affected consumer confidence and spending, causing our sales in South Korea to decrease by 5.0 percent in local currency terms (sales grew by 1.9 percent after translation into Hong Kong dollars). Gross margin was pressurized due to an increase in discounting and as a result our South Korean jointly controlled company managed only to break even for the year. Total store count was reduced by 20 to 148 as we continued to reorganize our store network. At December 31, 2006, the Group held 49.4 percent in its South Korean jointly controlled company.

		上半年度 First Half			下半年度 Second Half			全年 Full Year		
南韓	South Korea	**2006**	2005	變動 Change	**2006**	2005	變動 Change	**2006**	2005	變動 Change
營業額（港幣百萬元）	Turnover (*HK$ millions*)	**474**	478	(0.8%)	**540**	517	4.4%	**1,014**	995	1.9%
可比較門市之銷售額	Comparable store sales	**(9.6%)**	(3.1%)	N/A	**(2.1%)**	(5.6%)	N/A	**(6.5%)**	(4.0%)	N/A

中東

中東過往數年經濟蓬勃，吸引多個國際品牌進駐該市場，大幅加劇競爭壓力。同時，下半年度當地股市重挫及地區性政治緊張局勢持續升溫，打擊消費信心。業務增長一開始表現強勁，其後則明顯放緩，因此，二零零六年營業額上升百分之八點一，而可比較門市之銷售額則上升百分之一點六。然而，在租金及員工成本大幅攀升之陰影下，本集團中東聯營公司之溢利貢獻減少百分之二十七點三至港幣八百萬元（二零零五年：港幣一千一百萬元）。本集團於該地區共增設二十二間門市，令店鋪總數於年底達一百二十九間。於二零零六年十二月三十一日，本集團持有該中東聯營公司百分之二十之股權。

Middle East

The economic boom that the Middle East enjoyed in the last couple of years attracted many international brands to this market, significantly increasing competitive pressure. Meanwhile, consumer confidence was buffeted by the sharp downturn in the local stock markets and a continued escalation in regional political tensions in the second half. After a strong beginning, growth slowed sharply in the latter part of the year so that turnover grew by 8.1 percent while comparable store sales increased by 1.6 percent in 2006. However, this was overshadowed by a sharp escalation in rental and staff costs. Consequently, profit contribution from our Middle East associated company decreased by 27.3 percent to HK$8 million (2005: HK$11 million). We added a total of 22 outlets in the region to bring the store count to 129 at the end of the year. The Group held a 20.0 percent shareholding in its Middle East associated company at December 31, 2006.

		上半年度 First Half			下半年度 Second Half			全年 Full Year		
中東	Middle East	2006	2005	變動 Change	2006	2005	變動 Change	2006	2005	變動 Change
營業額 （港幣百萬元）	Turnover (HK$ millions)	172	145	18.6%	187	187	–	359	332	8.1%
可比較門市之銷售額	Comparable store sales	5.8%	1.8%	N/A	(5.5%)	3.0%	N/A	1.6%	2.4%	N/A

人力資源

於二零零六年十二月三十一日，本集團有約一萬一千四百名僱員。本集團大量投資於培訓及員工發展。此外，本集團向高級管理人員提供優厚之花紅計劃及購股權，作為獎勵及挽留優秀幹練管理層人才之方法。此外，本集團亦向各級員工提供優厚薪酬，更發放按目標為本計算之花紅。

HUMAN RESOURCES

On December 31, 2006, the Group had about 11,400 employees. The Group invests heavily in training and development of staff. In addition, generous incentive bonus schemes and share options are offered to senior managers as a means to reward and retain a high calibre management team. Competitive remuneration packages and goal-oriented bonuses are also paid to different levels of staff.

展望

國際品牌繼續尋求增長，顯著加強其亞洲業務，本地品牌則以展開更積極進取之擴充計劃反擊。因此，所有市場之競爭均迅速加劇，對銷售額增長造成壓力，亦提高了零售空間及員工成本。本集團將透過對品牌之有效調整，繼續執行追求盈利循序漸進地增長之策略，而非隨波逐流，盲目爭取短期增長而罔顧長期盈利。本集團於二零零七年之主要焦點為執行產品及品牌計劃。網絡增長以一百二十間店舖為目標，其中大部分位於中國大陸。本集團亦將於印度此一在策略上舉足輕重之市場擴大佔有率，並嘗試涉足北美洲市場。

本集團相信，在競爭日益激烈之市場中，有效調整對於建立及鞏固顧客關係來說極為重要，本集團將多方面加強實行品牌分工策略之力度。本集團將繼續投資於 *Giordano Ladies*。首兩個月 *Giordano Ladies* 之營業額達雙位數字增長，其強勁表現使本集團預期該品牌二零零七年之業績將表現卓越。本集團亦將繼續透過在馬來西亞等新興市場開設 *Giordano Ladies* 以擴展本集團之業務。

OUTLOOK

International brands have significantly stepped up their activity in Asia as they continue their search for growth and local brands have responded by embarking on more aggressive expansion programs. Consequently competition has intensified rapidly in all markets, pressurizing sales growth while driving up the cost for both retail space and talent. Instead of following the herd and engaging in a scramble for short term growth at the expense of long term profit, we will continue to follow through on our strategy of pursuing measured, profitable growth through meaningful differentiation of our brands. Our primary focus in 2007 will be on executing our product and branding plans. Network growth is targeted at 120 stores, with most of them in Mainland China. We will also be pushing to grow our presence in India, a strategically important market for us, and to test the waters in North America.

Acting on our conviction that meaningful differentiation is vital to establishing and deepening customer relationships in an increasingly overcrowded market, we will push ahead on multiple fronts with our brand differentiation strategy. We will continue investing in *Giordano Ladies*. The first two months saw *Giordano Ladies* achieving double-digit turnover growth and this strong performance causes us to expect the brand to deliver strong results in 2007. We will also continue our expansion by launching *Giordano Ladies* in emerging markets such as Malaysia.

本集團於二零零六年推出全新 *Giordano Concepts* 品牌，並於十月在香港開設首間 *Giordano Concepts* 專門店，並重塑香港旗艦店品牌形象，藉此提高本集團之市場地位。本集團亦將 *Giordano Concepts* 與 *Giordano Ladies* 品牌之設計、發展、商品銷售及經營加以融合，目標為將 *Giordano Concepts* 定位為西歐風格的「dressed-up casual」品牌，在檔次、價格及利潤率方面接近*Giordano Ladies*，與主系列 *Giordano* 品牌清楚區分開。本集團之品牌重塑焦點為本集團之主要旗艦店，故本集團於年底在香港有三間 *Giordano Concepts* 店舖，並計劃於二零零七年在香港、中國大陸及台灣增設七間 *Giordano Concepts* 門市。新品牌口碑載道，為加強知名度，本集團同意 *Giordano Concepts* 成為由二零零七年三月下旬至四月上旬舉行之第三十一屆香港國際電影節主要贊助商。

We also intensified our push upmarket with the launch of the new *Giordano Concepts* brand in 2006, opening our first "total look" *Giordano Concepts* store in Hong Kong in October and re-branding our flagship locations in Hong Kong. We also consolidated the design, development, merchandising and operations of the *Giordano Concepts* brand with *Giordano Ladies*. Our goal is to position *Giordano Concepts* as a more upmarket, Western European-influenced "dressed-up casual" brand that would approach *Giordano Ladies* in sophistication, price point and margin and be clearly differentiated from the core *Giordano* brand. The focus of our re-branding launch had been our prime flagship locations in Hong Kong so that at year-end, we had a total of three *Giordano Concepts* stores there, and we plan to add about seven more in Hong Kong, Mainland China, Taiwan and Singapore in 2007. In order to leverage the positive word-of-mouth that the new brand has generated, we agreed to have *Giordano Concepts* be the main sponsor of the upcoming 31st Hong Kong International Film Festival to be held during the latter part of March through early part of April 2007.

儘管焦點集中於 *Giordano Concepts*，惟本集團亦為主系列 *Giordano* 品牌重新注入活力，擴充並更新其產品系列，同時秉承傳統，為極重要之中間市場提供基本、功能性且物有所值之便服。新產品在市場上廣受好評，協助 *Giordano* 於二零零六年下半年度明顯復蘇，其勢頭並延續至二零零七年。本集團計劃在二零零七年於其全球網絡中增設一百間 *Giordano* 門市，其中約半數位於中國大陸。

Although the spotlight is on *Giordano Concepts*, we have also moved to re-energize the core *Giordano* brand by expanding and updating its range, while keeping true to its heritage of offering basic, functional and value-oriented casual wear for the all important middle market. The new products have been well received and helped drive *Giordano's* strong recovery in the second half of 2006 which has extended into 2007. We plan to add 100 *Giordano* outlets worldwide in 2007, about half of which will be in Mainland China.

地區天氣反常固然造成損失，惟管理層同時相信，缺乏別具特色之品牌個性及產品系列亦為 *Bluestar Exchange* 業績表現呆滯之原因。本集團為此將為 *Bluestar Exchange* 進行品牌重塑，一洗其廉價形象，並重新將其定位為以年青人為主之時尚品牌。品牌重塑計劃將分段進行，二零零七年春季率先在香港展開，並計劃於年內推展至大中華地區十至十五間店舖及澳洲等新市場。

While atypical weather in the region certainly took its toll, Management believes that the lack of a distinctive brand identity and product line also contributed to the lacklustre performance of *Bluestar Exchange*. As such we will re-brand *Bluestar Exchange* to play down its low cost image and to re-position it as a youth-oriented urban brand. The re-branding will proceed in phases, starting in Hong Kong in spring 2007, and will underpin a planned expansion by 10 to 15 locations in Greater China and new markets such as Australia this year.

中國大陸將繼續成為本集團之主要增長動力來源。銷售額增長於二零零六年下半年走勢凌厲，儘管農曆新年之重要銷售期間天氣和暖，惟增長動力仍持續至二零零七年首兩個月，營業額對比去年同期錄得雙位數字之增長。管理層以維持增長動力為目標，繼續專注於提升及更新其產品供應，並擴大零售及批發網絡。儘管租金上漲或會成為絆腳石，惟本集團仍計劃於二零零七年額外增設五十間門市。本集團之主要目標將集中於在成本較低之二線城市及內陸省份，主要透過增加特許經營取得利潤增長。本集團於二零零七年將進行大量投資，以增加人力資本，並提升其質素，以支持本集團於中國大陸之增長動力。

Mainland China will remain the key growth engine for the Group. Sales growth picked up in the second half of 2006 and the momentum continued into the first two months of 2007 despite record high temperatures during the crucial Chinese New Year sales period, with turnover posting a double-digit increase year-on-year. Management aims to maintain the growth momentum by continuing to focus on upgrading and updating its product offering and growing its retail and wholesale networks. We are targeting an additional 50 outlets in 2007 though escalating rental costs may temper our ambitions slightly. We will focus our main thrust on driving profitable growth in lower cost second tier cities and inland provinces, mainly through increased franchising. The Group will invest heavily in 2007 to increase and upgrade its human capital to support its growth momentum in Mainland China.

鑒於外地零售商不斷湧入，預期香港及新加坡之租金及員工成本仍會持續上漲。就此，本集團將集中提升可比較門市之銷售額及利潤率，同時預期該兩個重要之中心大城市之門市數目維持不變。該兩個市場首兩個月之營業額均輕微上升。

In light of the continued influx of foreign retailers, rental and staff costs in both Hong Kong and Singapore are expected to remain on the rise. As such, we will focus on growing comparable store sales and margins while the number of stores is expected to stay about the same in these two important metropolitan centres. The first two months saw turnover growing slightly in both markets.

商品推銷改善，緩和了農曆新年之重要銷售期間破紀錄高溫之負面影響，故台灣於二零零七年首兩個月之銷售額保持穩定。然而，二零零八年選舉使政局愈趨不穩，對前景造成陰影。就此，本集團今年將專注於提升店鋪生產力，並調整店鋪組合以換取店鋪有更佳表現，而非擴大店鋪數目。

Improved merchandising mitigated the impact of record high temperatures during the crucial Chinese New Year sales period such that Taiwan saw turnover holding steady in the first two months of 2007. However, the outlook is clouded by the increasingly volatile political situation in the run up to the 2008 elections. As such, we will concentrate on improving store productivity and adjusting our store portfolio to trade up into better locations this year rather than expand the number of stores.

燃油價格下滑，澳洲、馬來西亞、印尼及泰國前景樂觀，該四個市場於二零零七年首兩個月均增長強勁。然而，反常和暖天氣拖慢日本之銷售。儘管如此，該等市場之整體經濟走勢及業務前景仍保持正面。

With fuel prices easing, the outlook has brightened for Australia, Malaysia, Indonesia and Thailand, and these four markets all saw solid top line growth in the first two months of 2007. However, unusually warm weather slowed sales in Japan. Nevertheless, overall economic trends and business prospects for these markets remain positive.

更多國際品牌於二零零七年打入南韓市場，預期競爭將進一步加劇。本集團已加強新產品渠道，以迎接競爭挑戰並重新達致增長，惟一月及二月之銷售額因破紀錄之和暖天氣而表現平平。本集團將會繼續重組店鋪組合，並計劃於二零零七年在南韓網絡平穩地增添十間店鋪。

Competition is expected to further intensify from more international brands entering the South Korean market in 2007. We have strengthened the new product pipeline to meet the competitive challenge and rekindle growth, but January and February sales were essentially flat due to the record warm weather. We will continue to with the reorganization of our store portfolio and are planning a modest 10-store increase to our network in South Korea in 2007.

雖然預期中東地區之增長步伐將有所減慢，無復過往數年之熾熱氣氛，惟本集團仍預期二零零七年有良好增長，而首兩個月之營業額對比去年同期有雙位數字增長。因此，儘管面對租金及員工成本壓力，本集團仍計劃於該地區增設約二十間門市。

Although growth in the Middle East region is expected to slow from the torrid pace it enjoyed in the last few years, we continue to expect good growth in 2007, and the first two months have seen turnover growing by double-digit year-on-year. As such, despite rental and staff cost pressures, we plan to add about 20 outlets in the region.

本集團於二零零六年五月在印度開設*Giordano*，第一間店鋪位於清奈，目前在該市有兩間門市，均錄得強勁人流及銷售額增長，在當地廣受歡迎。本集團之目標為於二零零七年年底將印度之門市增至最少十間，惟建築工程延誤可能使店鋪數目低於目標。

We launched *Giordano* in India in May 2006 with the first store in Chennai. There are now two outlets in the city and both stores have experienced strong customer traffic and sales growth, thus underscoring the excellent reception we are enjoying. However, construction delays will likely cause us to come in a few stores below our target of having at least ten stores in India by the end of 2007.

最後，本集團於二月在北美洲溫哥華開設首間*Giordano*店鋪，並計劃於今年稍後在西岸其他地區成立更多試驗性質之店鋪。該等特許經營業務可使本集團測試北美市場反應。

Finally, in February we opened our first *Giordano* store in North America in Vancouver, and we are looking to establish additional pilot stores elsewhere on the West Coast later this year. These franchised operations will allow the Group to test the waters of the North American market.

為執行積極進取之品牌建立措施，並加強拓展地區市場，本集團於二零零七年將就提升及鞏固其企業及業務人才庫投放大量資源。優質服務一直是本集團成功之基石，故本集團將加強在此方面之投資，以保持本集團之領導地位，並將之加強為品牌分工之原動力。本集團亦加強了對特許經營權受讓人及其他合作夥伴(尤其位於中國大陸者)之支援，以支持本集團之擴充計劃。

In order to execute on our ambitious branding initiatives and to reinforce our geographic expansion, the Group will invest heavily in upgrading and deepening its corporate and operations talent pool in 2007. Service excellence has long been a pillar of our success, and we will be stepping up our investment in this area in order to maintain our leading position and enhance it as a source of brand differentiation. We will also expand support for our franchisees and other business partners, particularly in Mainland China, to back up our growth plans.

本集團亦將於產品設計及開發等範疇投入更多資源，尤其是人力資源，目標為提升本集團之設計質素及能力，以支持創新品牌及產品，並與供應商加強合作，縮短本集團產品從開發到進入市場之時間，使本集團可迅速且有效地回應瞬息萬變之時裝及市場潮流。

The other area in which the Group will invest more resources, especially human resources, is product design and development. The aim is to boost our design quality and capacity to buttress our new branding and product initiatives, and to strengthen collaboration with our suppliers to shorten our time-to-market and enable us to respond swiftly and effectively to changing fashion and market trends.

二零零六年下半年度開始之復蘇持續加快，本集團希望上述措施可使本集團之銷售額保持於二零零七年首兩個月達至之雙位數字增長。

The recovery that began in the second half of 2006 has continued to gain momentum, and we look to the above initiatives to enable us to sustain the double-digit turnover increase we have achieved in the first two months of 2007.

本公司董事會(「董事會」)恪守保持高水平企業管治及商業道德標準的承諾，堅信此對於提高投資者的信心及增加股東的回報至為重要。為了達到利益相關者對企業管治水平不斷提升的期望和符合日趨嚴謹的法規要求，以及實踐董事會對堅守優越企業管治的承諾，董事會不時檢討集團的企業管治守則。

The board of directors (the "Board") is committed to upholding a high standard of corporate governance and business ethics in the firm belief that they are essential for enhancing investors' confidence and maximizing shareholders' returns. The Board reviews its corporate governance practices from time to time in order to meet the rising expectations of stakeholders, comply with increasingly stringent regulatory requirements and fulfill its commitment to excellence in corporate governance.

於二零零六年十二月三十一日止年度內，除於本報告內描寫的偏離外，本公司已遵守香港聯合交易所有限公司(「聯交所」)證券上市規則(「上市規則」)附錄十四《企業管治常規守規》(「企業管治常規守則」)所載之守則條文。

During the financial year ended December 31, 2006, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") as stated in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") except for certain areas of non-compliance that are discussed later in this report.

董 事 會

BOARD

董事會肩負有效率和負責任地領導本公司的職責。董事會各成員，無論個別或共同地，都必須真誠地以公司及股東的整體利益為前提行事。

The Board is charged with providing effective and responsible leadership for the Company. The directors, individually and collectively, must act in good faith in the best interests of the Company and its shareholders.

董事會由四名獨立非執行董事及三名執行董事組成，並由一名獨立董事會顧問向彼等提出意見。董事會已設立兩個董事委員會，包括審核委員會及補償委員會，以監察本公司不同範疇之事務。本公司之董事會及董事委員會成員之組成如下，而各委員會的職責於本報告內有進一步之描述。

The Board comprises four Independent Non-executive Directors and three Executive Directors and is advised by an Independent Board Advisor. The Board has appointed two Board Committees, the Audit Committee and the Compensation Committee, to oversee different areas of the Company's affairs. The composition of the Board and the Board Committees are given below and their respective responsibilities are discussed in this report.

董事會成員	Members of the Board	審核委員會 Audit Committee	補償委員會 Compensation Committee
獨立非執行董事	**Independent Non-executive Directors**		
歐文柱先生	Mr. AU Man Chu, Milton	√	
畢滌凡先生	Mr. Barry John BUTTIFANT	√	√
鄺其志先生	Mr. KWONG Ki Chi	√	
李鵬飛博士	Dr. LEE Peng Fei, Allen	√	√
執行董事	**Executive Directors**		
劉國權先生 *（主席及行政總裁）*	Mr. LAU Kwok Kuen, Peter *(Chairman and Chief Executive)*		√
馮永昌先生	Mr. FUNG Wing Cheong, Charles		
馬灼安先生	Mr. MAH Chuck On, Bernard		
獨立董事會顧問	**Independent Board Advisor**		
梁覺教授	Professor LEUNG Kwok		√

董事會訂立本集團之整體策略和方向、監管和評估本集團之營運與財務上的表現及檢討本公司之企業管治水平。董事會亦須就各項公司事宜作出決策，其中包括全年及中期業績、主要交易、董事聘任或續聘、股息分派及會計政策。董事會已授權管理委員會負責推行其商業策略及管理本集團之日常商業運作。管理委員會由本公司三名執行董事及一名負責本集團中東及印度業務之董事組成，並對董事會負全責。本公司已為董事及高級管理人員購買合適之責任保險。

The Board sets the Group's overall objectives and strategies, monitors and evaluates its operating and financial performance and reviews the corporate governance standard of the Company. It also decides on matters such as annual and interim results, major transactions, director appointments or re-appointments, and dividend and accounting policies. The Board has delegated the authority and responsibility for implementing its business strategies and managing the daily operations of the Group's businesses to a Management Committee. The three Executive Directors and a director of the Group's Middle East and India operations together comprise the Management Committee which is fully accountable to the Board. The Company maintains appropriate directors' and officers' liabilities insurance.

董事會每年定期召開四次會議，亦會在有需要時召開更多會議。董事會定期的會議舉行日期會預先訂定，使全體董事會成員能安排出席。公司秘書協助主席擬訂董事會會議議程，而每位董事會成員均獲邀提出任何擬在會議中討論和動議的事項。董事會會議文件在會議舉行前不少於三天送予所有董事會成員傳閱，以確保彼等可及時地獲得一切有關會議議程之資料。董事會成員在有需要時可尋求獨立專業意見。會議紀錄之初稿及最終定稿亦發送予所有董事會成員供彼等提供意見。於二零零六年，本公司共舉行了六次全體董事會會議，該董事會、審核委員會及補償委員會之出席紀錄如下：

The Board has four regular meetings a year and holds additional meetings as and when required. Regular Board meetings are scheduled in advance to facilitate the fullest possible attendance. The Company Secretary assists the Chairman in setting the agenda of the Board meetings and each Board member is invited to present any businesses that he wishes to discuss or propose at such meetings. Board papers are circulated to all Board members not less than three days before the Board meetings to ensure timely access to relevant information. Board members may choose to take independent professional advice if necessary. Draft and final versions of minutes are circulated to all Board members for comments. The Company held six full Board meetings in 2006. Attendance of the full Board meetings and the Audit Committee and Compensation Committee meetings is as follows:

		出席次數/會議舉行次數 Meetings attended/held		
		董事會 Board	審核委員會 Audit Committee	補償委員會 Compensation Committee
歐文柱先生*	Mr. AU Man Chu, Milton*	5/6	2/2	N/A
畢滌凡先生*	Mr. Barry John BUTTIFANT*	6/6	2/2	1/1
鄺其志先生*	Mr. KWONG Ki Chi*	4/6	1/2	N/A
李鵬飛博士*	Dr. LEE Peng Fei, Allen*	6/6	2/2	1/1
劉國權先生(主席)	Mr. LAU Kwok Kuen, Peter *(Chairman)*	6/6	N/A	1/1
馮永昌先生	Mr. FUNG Wing Cheong, Charles	6/6	N/A	N/A
馬灼安先生	Mr. MAH Chuck On, Bernard	6/6	N/A	N/A
梁覺教授#	Professor LEUNG Kwok#	5/6	N/A	0/1

* 獨立非執行董事 * *Independent Non-executive Directors*
# 獨立董事會顧問 # *Independent Board Advisor*

在二零零六年，主席在沒有執行董事出席下與獨立非執行董事舉行了會議。

In 2006, the Chairman also met with the Independent Non-executive Directors without the presence of the Executive Directors.

各董事會成員之間並沒有財務、業務、親屬或其他重大或相關之關係，惟畢滌凡先生、鄺先生及劉先生同時在若干香港上市公司出任董事職位。畢滌凡先生及鄺先生分別為新昌營造集團有限公司(「新昌營造」)及新昌管理集團有限公司之替代董事及非執行董事，而劉先生同時亦出任新昌營造之獨立非執行董事。董事會認為，上述之關係不會影響該等董事在執行職責時之獨立判斷及個人誠信。獨立非執行董事均為本公司帶來多方面的經驗和專業知識。

The Board members have no financial, business, family or other material/relevant relationships with each other save that Mr. Buttifant, Mr. Kwong and Mr. Lau have common directorships in other listed companies in Hong Kong. Mr. Buttifant and Mr. Kwong serve on the boards of Hsin Chong Construction Group Ltd. ("Hsin Chong") and Synergis Holdings Limited as alternate director and non-executive director respectively; and Mr. Lau serves as an independent non-executive director of Hsin Chong. In the Board's opinion, these relationships do not affect the Directors' independent judgment and integrity in executing their roles and responsibilities. The Independent Non-executive Directors bring a variety of experience and expertise to the Company.

各獨立非執行董事已根據上市規則的規定向本公司書面確認其獨立性。因此，本公司認為該等董事確屬獨立人士。

Each of the Independent Non-executive Directors has confirmed with the Company in writing his independence from the Company in accordance with the guidelines on director independence of the Listing Rules. On this basis, the Company considers all such directors to be independent.

於本報告日，本公司董事之個人資料詳載於本年報第七頁至第九頁。

Biographical details of the Directors of the Company as at the date of this report are set out on pages 7 to 9 of this annual report.

基於董事會的組合及每位董事之技能、學識和專業知識，董事會相信其架構已能恰當地提供足夠之監察及平衡，以保障集團和股東的利益。董事會將定期檢討其組合，以確保其在專業知識、技能及經驗方面維持合適的平衡，藉以繼續有效地監管本公司之業務。

Given the composition of the Board and the skills, knowledge and expertise that each Director brings to bear in its deliberations, the Board believes that it is appropriately structured to provide sufficient checks and balances to protect the interests of the Group and the shareholders. The Board will review its composition regularly to ensure that it has the appropriate balance of expertise, skills and experience to continue to effectively oversee the business of the Company.

董事之委任及重選

APPOINTMENT AND RE-ELECTION OF DIRECTORS

由於新董事的委任是由董事會全體成員參議，因此本公司沒有成立提名委員會。在提名新董事時，董事會會考慮彼等之專業知識、經驗、誠信及承擔等各方面的因素。

Since the full Board is involved in the appointment of new Directors, the Company has not established a Nomination Committee. The Board will take into consideration criteria such as expertise, experience, integrity and commitment when considering the appointment of new Directors.

本公司於二零零六年五月九日舉行之股東週年大會上，本公司股東批准修訂本公司之公司細則(「細則」)，據此任何由董事會委任之新董事(主席或董事總經理除外)須於其獲委任後本公司舉行之下一次股東大會上(如屬填補臨時空缺)或下一次股東週年大會上(如屬增加董事人數)由股東重選。於每屆之股東週年大會上，當時三分一之董事(主席或董事總經理除外)，或倘若其數目並不是三的倍數，則最接近但不超過三分一之董事須輪值告退，惟每位董事(主席或董事總經理除外)，包括既定任期之董事，須最少每三年輪值告退一次。

At the annual general meeting of the Company held on May 9, 2006, amendments to the Bye-Laws of the Company (the "Bye-Laws") were approved by the Company's shareholders pursuant to which any new Directors (other than the Chairman or the Managing Director) appointed by the Board shall be subject to retirement and re-election by shareholders at the next following general meeting of the Company (in the case of filling a casual vacancy) or at the next following annual general meeting of the Company (in the case of an addition to their number) after his appointment, and at each annual general meeting, one-third of the Directors (other than the Chairman or the Managing Director) for the time being, or, if their number is not a multiple of three, then the number nearest to but not exceeding one-third, shall retire from office by rotation provided that every Director (other than the Chairman or the Managing Director), including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

現時，所有獨立非執行董事的指定任期為三年。為進一步提高企業管治水平，凡服務董事會超過九年之獨立非執行董事，須獲股東以獨立決議案批准方可連任。董事會會在年報中向股東列明其認為該董事仍屬獨立人士以及應獲重選之原因。

Currently, all Independent Non-executive Directors are appointed for a specific term of three years. To further enhance the standard of corporate governance, any further appointment of an Independent Non-executive Director who has served on the Board for over nine years will be subject to a separate resolution to be approved by shareholders. The Board will set out in the annual report the reasons it considers such Director to continue to be independent and should be re-elected.

目前，主席及行政總裁之角色同時由一人出任，其原因將於下一部份描述。因此，主席及董事總經理將不受細則中輪值告退的條文所限。此與企業管治常規守則之守則條文有所偏離。

Presently, the roles of the Chairman and Chief Executive are vested in the same person and the reason for this is addressed in the next section. Accordingly, both the Chairman and the Managing Director will be exempt from any retirement provisions of the Bye-Laws. These deviate from the CG Code provisions.

主席及行政總裁

守則條文規定主席及行政總裁之角色必須分開及不能由同一人出任。本公司主席及行政總裁的角色沒有分開，現時由劉國權先生同時出任此兩個職位。董事會認為由同一人擔任主席及行政總裁之職位能為本集團提供強勢及貫徹之領導，並能更有效地策劃及推行長期商業策略以及提高決策的效率，以適應不斷改變之環境。董事會同時相信本公司已擁有堅實企業管治架構以確保能有效地監管本公司之管理層。該架構的主要內容包括：

- 董事會之成員大部分為獨立非執行董事；
- 審核委員會之成員全部為獨立非執行董事；
- 補償委員會成員大部分為獨立非執行董事和獨立董事會顧問；
- 確保獨立非執行董事可隨時與本公司之外聘核數師及內部審計師接觸，並在有需要時尋求獨立專業意見；
- 設立「密函檢舉」機制，允許員工以匿名和機密形式向內部審計部主管舉報高級管理人員包括主席及行政總裁的欺詐及不當的行為；及
- 在「密函檢舉」機制下，內部審計部主管會調查所有欺詐及不當行為的舉報，並將密函作絕對機密處理以及在足夠理據支持下轉介該等密函予本公司之獨立非執行董事作進一步行動。

CHAIRMAN AND CHIEF EXECUTIVE

The code provision stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same person. The Company does not have a separate Chairman and Chief Executive and Mr. LAU Kwok Kuen, Peter currently holds both positions. The Board believes that vesting the roles of both Chairman and Chief Executive in the same person provides the Group with strong and consistent leadership, allows for more effective planning and execution of long term business strategies and enhances efficiency in decision-making in response to the changing environment. The Board also believes that the Company already has a strong corporate governance structure appropriate for its circumstances in place to ensure effective oversight of Management. The main elements of this structure include:

- Having Independent Non-executive Directors comprise a majority of the Board;
- Having the Audit Committee composed exclusively of Independent Non-executive Directors;
- Having Independent Non-executive Directors and the Independent Board Advisor comprise a majority of the Compensation Committee;
- Ensuring that Independent Non-executive Directors have free and direct access to both the Company's external and internal auditors and independent professional advice where necessary;
- Having a "whistle-blowing" mechanism in place to allow the Group's staff members to anonymously and confidentially report any suspected acts of fraud or gross misconduct by senior management, including that of the Chairman and Chief Executive, to the Head of Internal Audit; and
- Under the "whistle-blowing" mechanism, the Head of Internal Audit will investigate any reports of suspected acts of fraud or gross misconduct with the strictest confidence and refer the reports to the Company's Independent Non-executive Directors for further action should sufficient grounds exist for such referral.

董事會相信上述之機制和安排能確保獨立非執行董事繼續有效地提導本集團之管理層和監管有關策略、風險和誠信的重要決策。董事會將不斷檢討本集團企業管治架構的成效，用以評估是否需要作任何修改。

The Board believes that these measures enable our Independent Non-executive Directors to continue to rigorously supervise the Group's Management and to provide effective control of key issues relating to strategy, risk and integrity. The Board continually reviews the effectiveness of the Group's corporate governance structure to assess whether any changes are necessary.

審核委員會

AUDIT COMMITTEE

審核委員會由四名獨立非執行董事組成，並由畢滌凡先生出任主席，彼為一位在處理財務匯報及監控方面具資深經驗的合資格會計師。審核委員會負責委任外聘核數師、審閱本集團之財務資料、監察本集團之財務匯報系統和內部監控程序等事宜。該委員會在評核本集團中期及全年業績後才向董事會作出建議是否批准有關業績。審核委員會定期舉行會議，審閱財務報告及內部監控等事宜，並可不受限制地與本公司之外聘核數師及內部審計師接觸。審核委員會的職權範圍可供索取及已載於本公司之網站。

The Audit Committee comprises all four Independent Non-executive Directors and is chaired by Mr. Buttifant, a qualified accountant with extensive experience in financial reporting and controls. It is responsible for the appointment of external auditors, review of the Group's financial information and oversight of the Group's financial reporting system and internal control procedures. It is also responsible for reviewing the interim and final results of the Group prior to recommending them to the Board for approval. It meets regularly to review financial reporting and internal control matters and to this end has unrestricted access to both the Company's external and internal auditors. Its terms of reference are available on request and also accessible on the Company's website.

於二零零六年，審核委員會共舉行了兩次會議，按成員姓名分列之會議出席紀錄載於本年報第三十三頁。於有關會議上，該委員會與外聘核數師審閱截至二零零五年十二月三十一日止全年業績和截至二零零六年六月三十日止六個月中期賬目；及檢討本集團內部審計部門的工作，與其有關集團業務運作的內部審計報告、調查結果及建議。

In 2006, the Audit Committee held two meetings and the attendance record, on a named basis, is set out on page 33 of this report. During the meetings, it reviewed the final results for the year ended December 31, 2005 and the interim accounts for the six months ended June 30, 2006 with the external auditors; as well as the activities of the Group's Internal Audit Department and its internal audit report, findings and recommendations on the Group's business operations.

補償委員會

COMPENSATION COMMITTEE

補償委員會由二名獨立非執行董事、一名獨立董事會顧問及主席組成，負責檢討及批准董事及高級管理人員之酬金及福利。於每次會議開始時，委員會成員會選出其中一名成員為會議主席。補償委員會的職權範圍可供索取及已載於本公司之網站。

The Compensation Committee, composed of two Independent Non-executive Directors, the Independent Board Advisor and the Chairman, is responsible for reviewing and determining the compensation and benefits of Directors and senior management. The committee members elect one of them to take the chair at the commencement of each meeting. Its terms of reference are available on request and also accessible on the Company's website.

於二零零六年，補償委員會舉行了一次會議，檢討主席之酬金及執行董事和高級管理人員之花紅。按成員姓名分列之會議出席紀錄載於本年報第三十三頁。當審閱個別董事之薪酬福利時，相關董事為免涉及任何利益衝突須放棄投票權。

In 2006, the Committee held a meeting to review the remuneration of the Chairman and the bonuses of the Executive Director and senior management. The attendance record, on a named basis, is set out on page 33 of this report. When the remuneration package of an individual Director was under review, such Director abstained from voting to avoid any conflict of interest.

管理委員會

董事會已授權管理委員負責推行其商業策略及管理本集團的日常商業運作。管理委員會由三名執行董事及一名負責本集團中東及印度業務之董事所組成及對董事會負全責。

MANAGEMENT COMMITTEE

The Board has delegated the authority and responsibility for implementing its business strategies and managing the daily operations of the Group's businesses to a Management Committee. The Management Committee comprises the three Executive Directors and a director of the Group's Middle East and India operations and is fully accountable to the Board.

董事及核數師就財務報表所承擔之責任

董事負責監督每個財政期間財務報表的編製，以確保該報表能夠真實和公平地反映該期間本集團財政狀況、業績與現金流量。本公司財務報表之編製均符合所有有關之法規及合適的會計準則。董事有責任確保選擇合適之會計政策以及連貫地應用，並作出審慎和合理的判決及估計。

本公司核數師就本集團財務報表作出之申報責任聲明載於第四十九頁及第五十頁之獨立核數師報告書內。

DIRECTORS' AND AUDITORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors are responsible for overseeing the preparation of financial statements for each financial period to ensure that they give a true and fair view of the state of affairs of the Group and of the results and cash flow for that period. The Company's financial statements are prepared in accordance with all relevant statutory requirements and applicable accounting standards. The Directors are responsible for ensuring that appropriate accounting policies are selected and applied consistently, and that judgments and estimates made are prudent and reasonable.

The statement by the auditors of the Company regarding their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on pages 49 and 50.

內部監控

董事會負責整體的內部監控及檢討其成效。有關的程序經已制定以確保資產不會於未獲授權下使用或轉讓、準確的會計紀錄得以備全以及提高供業務使用或對外發布的財務資料之可靠性。上述的程序旨在合理地（惟並非絕對地）保證並無重大失實陳述或損失，並管理（惟並非完全消除）本集團營運系統的失誤及未能達標的風險。

董事會已按企業管治常規守則所載有關內部監控的守則條文，於年內對本公司及其附屬公司之內部監控系統的成效作出了檢討。該檢討涵蓋所有重要的監控，包括財務、營運和法規以及風險管理功能。

INTERNAL CONTROL

The Board has overall responsibility for internal control and for reviewing its effectiveness. Procedures have been designed to safeguard assets against unauthorized use or disposition; maintain proper accounting records and to enhance the reliability of financial information used within the business or for publication. Such procedures are designed to provide reasonable, but not absolute, assurance against material misstatement or loss, and to manage rather than eliminate risks of failure in the Group's operational systems and in the achievement of the Group's business objectives.

The Directors conducted a review of the effectiveness of the internal control system of the Company and its subsidiaries during the year in accordance with the code provisions on internal control of the CG Code. The review covers all material controls, including financial, operational and compliance controls and risk management functions.

本集團設立了一個具營運政策及程序、界定責任及授權的架構。於附屬公司層面成立了由本集團高級行政人員組成之營運董事會，有效地監控及對其業績作出定期的檢討。

The Group has established an organizational structure with operating policies and procedures, lines of responsibility and delegated authority. Operating boards at the subsidiary level, composed of senior executives of the Group, have been established to exercise effective control and conduct periodic review of business performance.

營運預算乃由營運部門準備，經管理層檢閱後才採納。同時制定了程序以評估、檢討及批准主要資本性開支及經常性開支。按營運業績與預算比較後會匯報給董事會以作定期檢討。

Operational budgets are prepared by the operational departments and reviewed by Management prior to being adopted. There are procedures for the appraisal, review and approval of major capital and recurrent expenditures. Results of operations against budgets are reported to the Board of Directors for regular review.

內部審計部於監管本集團的內部監控事宜上扮演著重要的角色。該部門直接向主席匯報，履行管理層及審核委員會已批准的審計計劃，同時可不受限制地檢討本集團各方面的事務及內部監控事宜。內部審計部會定期提交審計報告予管理層及審核委員會。審核委員會可與內部審計部主管直接及自由地接觸而毋須知會主席或管理層。

The Internal Audit Department plays a major role in monitoring the internal control of the Group and reports directly to the Chairman. It implements the audit plan approved by Management and the Audit Committee and has unrestricted access to review all aspects of the Group's activities and internal controls. The Internal Audit Department submits audit reports to Management and the Audit Committee on a regular basis. The Audit Committee has free and direct access to the Head of the Internal Audit Department without reference to the Chairman or Management.

核數師之酬金

AUDITORS' REMUNERATION

本集團之主要核數師羅兵咸永道會計師事務所和其關連機構就其法定審核及非審核服務收取之費用如下：

The remuneration charged by the Group's principal auditors, PricewaterhouseCoopers, and their affiliated firms, for statutory audit and non-audit services is set out below:

（以港幣百萬元為單位）	*(In HK$ millions)*	**2006**	2005
法定審核	Statutory audit	**2**	2
非審核服務	Non-audit services	**1**	–
總數	Total	**3**	2

證券交易的標準守則

本公司已採納了一套與上市規則之規定同樣嚴格之《董事進行證券交易的標準守則》。經具體查詢後，每位董事均確認於本年度內已遵守上述之標準守則。

本公司亦已採納了一套《相關員工進行證券交易的標準守則》以監管該些擁有及得悉影響股價敏感資料的員工之證券交易。

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a Code of Conduct for Securities Transactions by Directors on terms no less exacting than that required by the Listing Rules. Following a specific enquiry, each of the Directors confirmed that he complied with the aforesaid Code throughout the year.

The Company has also adopted a Code of Conduct for Securities Transactions by Specified Employees to govern securities transactions of those employees who may possess or have access to price sensitive information.

社會責任

本集團致力成為成功及負責任之企業公民。因此，我們除了竭力為我們的顧客提供優質的產品及服務，及為我們的股東提交持續優良的業績外，我們亦致力對我們營運的社區產生正面的影響。為了達成此目標，本集團積極支持各慈善機構及其活動，確保為我們生產製成品的勞工得到公平的對待及尊重，以及任何時候透過為環境設想的方式達成我們的目標。

SOCIAL RESPONSIBILITY

The Group is committed to being a successful and responsible corporate citizen. As such, we are committed not only to delivering quality products and service to our customers and strong and sustained financial performance to our shareholders. We are also committed to creating a positive impact in the communities where we conduct business. We aim to achieve this by, amongst others, supporting charitable organizations and causes; ensuring that the workers producing our products are treated with fairness and respect; and at all times achieving our goals through environmentally friendly means.

與投資者及股東之關係

本集團之高級管理人員透過多樣化的方式如路演、個別訪問及會議與投資者、分析員、基金經理及傳媒保持緊密之溝通。本集團亦對投資者索取資料之要求和提問作出回應。

董事會亦歡迎股東對影響本集團的事項提出意見，並鼓勵他們出席股東大會，藉以直接地向董事會或管理層反映他們關注的事項。

INVESTOR AND SHAREHOLDER RELATIONS

The Group's senior management maintains close communications with investors, analysts, fund managers and the media by various channels including roadshows, individual interviews and meetings. The Group also responds to requests for information and queries from the investors.

The Board also welcomes the views of shareholders on matters affecting the Group and encourages them to attend shareholders' meetings to communicate any concerns they may have with the Board or Management directly.

董事會同寅茲向全體股東提呈本公司及本集團截至二零零六年十二月三十一日止年度之董事會報告書及經審核財務報表。

The directors have pleasure in submitting their report together with the audited financial statements of the Company and of the Group for the year ended December 31, 2006.

主 要 業 務

PRINCIPAL ACTIVITIES

本公司為一投資控股公司。本集團之主要業務為經營零售及分銷 *Giordano*、*Giordano Concepts*、*Giordano Ladies*、*Giordano Junior* 及 *Bluestar Exchange* 等品牌之便服及配襯用品。該等品牌提供由基本至流行時尚優質且物有所值之服裝。本集團亦經營成衣貿易及製造業務，供應本集團零售業務的需求，並向本集團以外之人士供應製成品。

The Company is an investment holding company. The principal business of the Group is the retail and distribution of casual apparel and accessories under *Giordano, Giordano Concepts, Giordano Ladies, Giordano Junior* and *Bluestar Exchange* brands. These brands offer basic to modern fashionable apparel of quality and value. The Group also carries on garment trading and manufacturing operation, supporting the Group's retail business and supplying products to third parties.

分 部 資 料

SEGMENT INFORMATION

本集團截至二零零六年十二月三十一日止年度按照主要業務及營運地區之表現分析載於財務報表附註五。

An analysis of the Group's performance by principal activities and geographical locations of operations for the year ended December 31, 2006 is set out in note 5 to the financial statements.

業 績

RESULTS

本集團截至二零零六年十二月三十一日止年度之業績及本公司與本集團於該日之財政狀況俱載於第五十一頁至第一百一十五頁之財務報表內。

The results of the Group for the year ended December 31, 2006 and the state of affairs of the Company and of the Group as at that date are set out in the financial statements on pages 51 to 115.

股 息

DIVIDENDS

中期股息每股港幣四點五仙及特別中期股息每股港幣二仙已於二零零六年九月十五日派發。

An interim dividend of 4.5 HK cents per share and a special interim dividend of 2.0 HK cents per share were paid on September 15, 2006.

董事會向股東建議派發截至二零零六年十二月三十一日止年度末期股息每股港幣五仙及特別末期股息每股港幣一角五仙予於二零零七年五月九日名列本公司股東名冊上之股東。

The directors recommend to shareholders the payment of a final dividend of 5.0 HK cents per share and a special final dividend of 15.0 HK cents per share for the year ended December 31, 2006 to those shareholders whose names appear on the register of members of the Company on May 9, 2007.

儲 備

RESERVES

本年度內，儲備之變動情況載於第五十六頁至第五十八頁之權益變動表。

Movements in reserves during the year are set out in the Statements of Changes in Equity on pages 56 to 58.

可 供 分 派 儲 備

DISTRIBUTABLE RESERVES

於二零零六年十二月三十一日，本公司之可供分派滾存溢利及繳入盈餘為港幣十一億六千八百萬元（二零零五年：港幣十三億一千六百萬元）。

As at December 31, 2006, the retained profits of the Company together with the contributed surplus available for distribution amounted to HK$1,168 million (2005: HK$1,316 million).

慈善捐款

本集團於本年度內之慈善捐款為港幣二百二十萬元(二零零五年：港幣一百五十萬元)。

CHARITABLE DONATIONS

Donations made for charitable purposes by the Group during the year amounted to HK$2.2 million (2005: HK$1.5 million).

固定資產

本年度內，本集團共添置約港幣一億一千一百萬元(二零零五年：港幣一億二千萬元)之固定資產。本年度固定資產變動情況載於財務報表附註十四、十五及十九。

FIXED ASSETS

During the year, the Group acquired fixed assets of approximately HK$111 million (2005: HK$120 million). Movements in fixed assets during the year are set out in notes 14, 15 and 19 to the financial statements.

主要附屬公司

本公司於二零零六年十二月三十一日之主要附屬公司之詳情載於財務報表附註三十四。

PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at December 31, 2006 are set out in note 34 to the financial statements.

銀行貸款

於二零零六年十二月三十一日，本集團須即付或於一年內償還之銀行貸款約為港幣五千八百萬元(二零零五年：港幣七千六百萬元)。

BANK LOANS

As at December 31, 2006, the Group's bank loans of approximately HK$58 million (2005: HK$76 million) were repayable on demand or within one year.

主要供應商及客戶

本集團首五大供應商及客戶所佔的購買及銷售總額均低於百分之三十。

MAJOR SUPPLIERS AND CUSTOMERS

The aggregate percentages of purchases and sales attributable to the Group's five largest suppliers and customers respectively are less than 30 percent.

十年財務資料

本集團過去十個財政年度之業績、資產及負債摘要載於第二頁及第三頁。

TEN-YEAR FINANCIAL INFORMATION

A summary of the results, assets and liabilities of the Group for the last ten fiscal years is set out on pages 2 and 3.

股本

本公司之股本於本年度內之變動詳情載於財務報表附註二十二。

SHARE CAPITAL

Details of the movements in share capital of the Company during the year are shown in note 22 to the financial statements.

購股權資料

購股權計劃之摘要及本公司購股權於本年度內變動詳情載於第一百一十六頁至第一百二十頁。

SHARE OPTION INFORMATION

A summary of the share option scheme and details of the movement in share options of the Company during the year are set out on pages 116 to 120.

股份優先購買權

本公司之細則中並無股份優先購買權之規定，惟百慕達法例則無限制該等權利。

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-Laws although there are no restrictions against such rights under the laws of Bermuda.

購買、出售或贖回本公司之上市證券

本公司在本年度內並無贖回其股份。年內，本公司及其任何附屬公司亦無購買或出售任何本公司之股份。

董事會

於本年度內及截至本報告書之日期止，本公司之董事為：

劉國權先生
歐文柱先生*
畢滌凡先生*
馮永昌先生
鄺其志先生，GBS，JP*
李鵬飛博士，JP*
馬灼安先生

* *獨立非執行董事*

根據本公司細則第九十八條，畢滌凡先生及馮永昌先生於即將舉行之股東週年大會上輪值告退，惟彼等均合資格膺選連任。

於本報告日，本公司董事之個人資料詳載於本年報第七頁至第九頁。有關將退任並獲推薦重選之董事的進一步資料詳載於本年報第一百三十頁至第一百三十二頁。

董事服務合約

擬於即將召開之股東週年大會上膺選連任之董事，概無與本公司或其附屬公司訂立本集團不可於一年內毋須賠償（法定補償除外）而終止之服務合約。

董事享有權益之合約

本公司或其任何附屬公司概無參與訂立於年內或年終任何時間使本公司任何董事擁有不論直接或間接之重大權益之合約。

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

DIRECTORS

The directors of the Company during the year and up to the date of this report are:

Mr. LAU Kwok Kuen, Peter
Mr. AU Man Chu, Milton*
Mr. Barry John BUTTIFANT*
Mr. FUNG Wing Cheong, Charles
Mr. KWONG Ki Chi, GBS, JP*
Dr. LEE Peng Fei, Allen, JP*
Mr. MAH Chuck On, Bernard

* *Independent non-executive directors*

In accordance with Bye-Law 98 of the Company's Bye-Laws, Mr. Barry John BUTTIFANT and Mr. FUNG Wing Cheong, Charles will retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

Biographical details of the directors of the Company as at the date of this report are set out on pages 7 to 9 of this annual report. Further information of the retiring directors proposed to be re-elected are set out on pages 130 to 132 of this annual report.

DIRECTORS' SERVICE CONTRACT

The directors being proposed for re-election at the forthcoming annual general meeting do not have any service contract with the Company or its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

None of the directors had a material interest, whether directly or indirectly, in any contract of significance subsisted during or at the end of the year to which the Company or any of its subsidiaries was a party.

董事之證券權益

於二零零六年十二月三十一日，本公司董事及行政總裁在本公司或其相關法團（定義見證券及期貨條例第 XV 部）的股份、相關股份及債權證中擁有根據該條例第三百五十二條須予備存的登記冊所載或根據香港聯合交易所有限公司（「聯交所」）之上市發行人董事進行證券交易的標準守則（「標準守則」）須知會本公司和聯交所之任何權益及淡倉如下：

DIRECTORS' INTERESTS IN SECURITIES

As at December 31, 2006, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept under section 352 of the SFO; or as notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

董事姓名 **Name of director**	權益性質 **Nature of interest**	股份實益權益 （附註） **Beneficial interest in shares** *(Note)*	非上市之相關股份實益權益 （附註） **Beneficial interest in unlisted underlying shares** *(Note)*	總權益百分率概約 **Approximate aggregate percentage of interests**
劉國權 LAU Kwok Kuen, Peter	個人 Personal	24,118,000	–	1.62%
馮永昌 FUNG Wing Cheong, Charles	個人 Personal	1,122,000	5,000,000	0.41%
馬灼安 MAH Chuck On, Bernard	個人 Personal	1,619,086	5,000,000	0.44%

附註：

擁有之股份及股本衍生工具之相關股份權益均為好倉。非上市之股本衍生工具之相關股份乃按本公司採納之購股權計劃而授予董事之購股權，有關資料載列於第一百一十八頁。

Note:

Interests in the shares and underlying shares of equity derivatives were long position. Underlying unlisted shares are share options granted to the directors pursuant to the share option scheme of the Company and details of which are set out on page 118.

除上述披露外，於二零零六年十二月三十一日，本公司董事及行政總裁概無在本公司及其相關法團（定義見證券及期貨條例第XV部）的股份、相關股份及債權證中擁有或被視作擁有根據該條例第三百五十二條須予備存的登記冊所載或根據「標準守則」須知會本公司和聯交所之任何權益或淡倉。此外，除上述披露外，本公司或其任何附屬公司於截至二零零六年十二月三十一日止整年內概無訂立任何安排，令本公司董事或彼等之配偶或未滿十八歲之子女可藉購入本公司或其他法團之股份或債權證而獲益。

Save as disclosed above, as at December 31, 2006, none of the directors and chief executive of the Company had or was deemed to have any interests or short position in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept under section 352 of the SFO; or as notified to the Company and the Stock Exchange pursuant to the Model Code. Furthermore, save as disclosed above, at no time during the year ended December 31, 2006 was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company or any of their spouses or children under the age of 18 to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

主要股東

於二零零六年十二月三十一日，根據證券及期貨條例第三百三十六條記錄於本公司存置之登記冊，下列人士（除本公司董事及行政總裁外）擁有本公司之股份或相關股份之權益或淡倉百分之五或以上：

SUBSTANTIAL SHAREHOLDERS

As at December 31, 2006, the following persons, other than directors and chief executive of the Company, having interests or short positions of 5 percent or more in the Company's shares or underlying shares were recorded in the register kept by the Company pursuant to section 336 of the SFO:

名稱 **Name**	附註 *Note*	好倉股份及相關股份總數 **Aggregate long position in shares and underlying shares**	總權益百分率概約 **Approximate aggregate percentage of interests**
Aberdeen Asset Management Plc and its associates	1	219,420,018	14.72%
Harris Associates L.P.	2	209,719,800	14.07%
Matthews International Capital Management, LLC	3	134,937,000	9.05%
JPMorgan Chase & Co.	4	127,406,782	8.55%
State Street Corporation	5	86,397,598	5.80%
Emerging Markets Management, L.L.C.	6	74,692,000	5.01%

附註：

1. Aberdeen Asset Management Plc 及其聯繫人以投資經理身份持有二億一千九百四十二萬零十八股股份。

   由 Aberdeen Asset Management Plc 及其多間全資附屬公司代表其所管理的賬戶持有下列股份：

Notes:

1. Aberdeen Asset Management Plc and its associates held 219,420,018 shares in the capacity of Investment Manager.

   Aberdeen Asset Management Plc and its various wholly-owned subsidiaries held the following shares on behalf of the accounts they managed:

附屬公司名稱 **Name of subsidiary**	好倉股份總數 **Aggregate long position in shares**
Aberdeen Asset Management Asia Limited	219,420,018
Aberdeen Asset Management Inc	1,764,000
Aberdeen Asset Management Limited	1,460,000
Aberdeen Asset Managers Limited	48,779,816
Aberdeen Fund Management Limited	27,724,808
Aberdeen International Fund Managers Limited	113,398,000
Aberdeen Unit Trust Managers Limited	39,107,816
Edinburgh Fund Management Limited	14,000,000

2. Harris Associates L.P. 以投資經理身份持有二億零九百七十一萬九千八百股股份。
3. Matthews International Capital Management, LLC 以投資經理身份持有一億三千四百九十三萬七千股股份。

2. Harris Associates L.P. held 209,719,800 shares in the capacity of Investment Manager.
3. Matthews International Capital Management, LLC held 134,937,000 shares in the capacity of Investment Manager.

4. JPMorgan Chase & Co. 所持有一億二千七百四十萬零六千七百八十二股股份之身份分別包括三百八十八萬四千股股份為實益擁有人、八萬九千六百九十三股股份為投資經理及一億二千三百四十三萬三千零八十九股為法團保管人持有之可供借出的股份。

由 JPMorgan Chase & Co. 所持有之一億二千七百四十萬零六千七百八十二股股份之資料如下：

4. The capacities of JPMorgan Chase & Co. in holding 127,406,782 shares were, as to 3,884,000 shares as Beneficial Owner, as to 89,693 shares as Investment Manager and as to 123,433,089 shares in the Lending Pool as Custodian Corporation.

Details of the breakdown of the 127,406,782 shares interested by JPMorgan Chase & Co. were as follows:

名稱 **Name**	*附註* *Note*	**好倉股份總數 Aggregate long position in shares**	**總權益百分率概約 Approximate aggregate percentage of interests**
JPMorgan Chase Bank, N.A.	i	127,317,089	8.54%
JPMorgan Asset Management Holdings Inc.	ii	89,693	0.01%

附註：

i. JPMorgan Chase & Co. 之全資附屬公司 JPMorgan Chase Bank, N.A. 持有一億二千七百三十一萬七千零八十九股股份，當中包括：

(a) 一億二千三百四十三萬三千零八十九股直接權益；及

(b) 由J.P. Morgan Chase International Holdings Limited 擁有百分之九十八點九五控股權之J.P. Morgan Securities Ltd.所持有之三百八十八萬四千股被視作彼擁有之權益。J.P. Morgan Chase International Holdings Limited 乃分別依序由 J.P. Morgan Chase (UK) Holdings Limited 及 J.P. Morgan Capital Holdings Limited 全資擁有。J.P. Morgan International Finance Limited 持有 J.P. Morgan Capital Holdings Limited 百分之七十二點七二之控股權益，並分別依序由 Bank One International Holdings Corporation、J.P. Morgan International Inc. 及 JPMorgan Chase Bank, N.A. 全資擁有。

ii. JPMorgan Chase & Co. 之全資附屬公司 JPMorgan Asset Management Holdings Inc. 被視為持有八萬九千六百九十三股股份。該等股份乃由 JPMorgan Asset Management Holdings Inc. 之全資附屬公司 J.P. Morgan Investment Management Inc. 所持有。

Notes:

i. The holding of 127,317,089 shares by JPMorgan Chase Bank, N.A., a wholly-owned subsidiary of JPMorgan Chase & Co., included:

(a) direct interests in 123,433,089 shares; and

(b) deemed interests in 3,884,000 shares held by its subsidiary, J.P. Morgan Securities Ltd., in which J.P. Morgan Chase International Holdings Limited held 98.95 percent controlling interests. J.P. Morgan Chase International Holdings Limited was in turn a subsidiary wholly-owned by J.P. Morgan Chase (UK) Holdings Limited and J.P. Morgan Capital Holdings Limited respectively. J.P. Morgan International Finance Limited, a company held 72.72 percent controlling interests of J.P. Morgan Capital Holdings Limited, was in turn a subsidiary wholly-owned by Bank One International Holdings Corporation, J.P. Morgan International Inc. and JPMorgan Chase Bank, N.A. respectively.

ii. The holding of 89,693 shares by JPMorgan Asset Management Holdings Inc., a wholly-owned subsidiary of JPMorgan Chase & Co., included deemed interests in 89,693 shares held by its wholly-owned subsidiary, J.P. Morgan Investment Management Inc..

5. 由 State Street Corporation 之全資附屬公司 State Street Bank & Trust Company 所持有的八千六百三十九萬七千五百九十八股可借出之股份被視作彼擁有之權益。

6. Emerging Markets Management, L.L.C. 以投資經理身份持有七千四百六十九萬二千股股份。

5. State Street Corporation had a deemed interest in respect of 86,397,598 shares held by its wholly-owned subsidiary, State Street Bank & Trust Company, in the Lending Pool.

6. Emerging Markets Management, L.L.C. held 74,692,000 shares in the capacity of Investment Manager.

管理合約

本年度內，本公司並無訂立或進行任何與本公司全部或重要業務有關之管理及行政合約。

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

持續關連交易

聯交所就本集團根據無特定年限之舊生產許可合同（「舊生產許可合同」）向 Placita Holdings Limited（「Placita」）及其附屬公司之貨品採購，於二零零四年三月三十日有條件地授予本公司豁免，無須嚴格遵守上市規則（於二零零四年三月三十一日前沿用之規則）就關連交易之規定。鑒於有關持續關連交易之上市規則有所修改，要求合同年期一般不得超逾三年，並考慮到獨立股東批授之舊生產許可合同項下之金額上限將於二零零六年年底屆滿，本集團兩間附屬公司於二零零六年三月二十九日分別與 Placita 訂立設有三年期限之新生產許可合同（「新生產許可合同」）。

Placita 由本公司及 Placita 之董事張國良先生（「張先生」）之全資擁有公司 Gloss Mind Holdings Limited 分別擁有百分之五十一及百分之四十九之權益。根據上市規則，Placita 被視為本公司之關連人士。因此，新生產許可合同項下之採購（「該等採購」）構成本公司之持續關連交易（「該等交易」）。

CONTINUING CONNECTED TRANSACTIONS

The Stock Exchange, subject to certain conditions, granted waiver to the Company on March 30, 2004 from strict compliance with the connected transactions requirements of the Listing Rules in force prior to March 31, 2004 in respect of the purchases of merchandise by the Group from Placita Holdings Limited ("Placita") and its subsidiaries under the previous manufacturing license agreements (the "Previous Manufacturing License Agreements") with no specific length of term. In view of changes of the Listing Rules in relation to continuing connected transactions which require the term of the agreements normally not to exceed three years, and considering the maximum amount of purchases under the Previous Manufacturing License Agreements granted by independent shareholders would expire by the end of 2006, two subsidiaries of the Group have each entered into a new manufacturing license agreement (the "New Manufacturing License Agreements") with Placita for a finite term of three years on March 29, 2006.

Placita is owned as to 51 percent by the Company and 49 percent by Gloss Mind Holdings Limited ("Gloss Mind"), which in turn is wholly-owned by Mr. CHEUNG Kwok Leung ("Mr. Cheung"), a director of Placita. Placita is considered a connected person of the Company under the Listing Rules. Accordingly, the purchases (the "Purchases") contemplated under the New Manufacturing License Agreements constitute continuing connected transactions (the "Transactions") of the Company.

於二零零六年五月九日舉行之股東特別大會(「股東特別大會」)上，本公司之獨立股東已經批准了該等交易及其截至二零零六年、二零零七年及二零零八年十二月三十一日止財政年度之金額上限，分別為港幣四億元、港幣四億四千萬元及港幣四億八千四百萬元。

At a special general meeting held on May 9, 2006 (the "SGM"), shareholders of the Company independent of the Transactions approved the Transactions with annual cap amounts of HK$400 million, HK$440 million and HK$484 million for the financial years ended December 31, 2006, 2007 and 2008 respectively.

截至二零零六年十二月三十一日止財政年度之該等採購總值約達港幣二億六千八百萬元。

The Purchases during the financial year ended December 31, 2006 totalled approximately HK$268 million.

本公司之核數師就該等交易進行了若干議定程序，並已向董事會匯報在本年度內：(i) 該等交易已獲本公司董事會批准；(ii) 已按規管該等交易之有關協議或其他訂貨合約之條款進行；及(iii) 沒有超逾港幣四億元之金額上限。

The auditors of the Company have performed certain agreed-upon procedures on the Transactions and reported to the Board that during the year (i) the Transactions have received approval from the Board; (ii) the Transactions have been entered into in accordance with the terms of the relevant agreements or other order contracts governing the Transactions; and (iii) the cap amount of HK$400 million has not been exceeded.

本公司之獨立非執行董事已審閱本年度之該等交易，並確認該等交易已 (i) 在本集團之一般及日常業務運作中進行； (ii) 按正常商業條款進行，或不遜於獨立第三者之條款進行；及(iii) 根據有關的協議之條款進行，而交易條款公平合理，並且符合本公司股東的整體利益。獨立非執行董事並確認該等交易之總金額沒有超逾本公司日期為二零零六年四月十九日之通函內所載及於股東特別大會上獲獨立股東批准之截至二零零六年十二月三十一日止年度之港幣四億元之金額上限。

The independent non-executive directors of the Company have reviewed the Transactions during the year and confirmed that they have been (i) entered into in the ordinary and usual course of business of the Group; (ii) conducted either on normal commercial terms or terms no less favorable to the Group than terms available to independent third parties; and (iii) entered into in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole. The independent non-executive directors have also confirmed that the Transactions have not exceeded the maximum amount of HK$400 million capped for the year ended December 31, 2006 in accordance with the circular of the Company dated April 19, 2006 and approved by the independent shareholders at the SGM.

公 眾 持 股 量

於本報告日，根據本公司可以得悉之公開資料及本公司董事亦知悉之情況下，本公司已按上市規則之要求，維持足夠公眾持股量。

PUBLIC FLOAT

As at the date of this report, the Company has maintained the prescribed public float required under the Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the directors.

核 數 師

羅兵咸永道會計師事務所將退任，惟願膺選連任，而重聘彼等之有關決議案於即將舉行之股東週年大會上提呈。

AUDITORS

PricewaterhouseCoopers shall retire and being eligible, offer themselves for re-appointment, and a resolution to this effect will be proposed at the forthcoming annual general meeting.

承董事會命
劉國權
主席

香港，二零零七年三月二十二日

On behalf of the Board
LAU Kwok Kuen, Peter
Chairman

Hong Kong, March 22, 2007

PRICEWATERHOUSECOOPERS

羅兵咸永道會計師事務所

致 佐 丹 奴 國 際 有 限 公 司
（於百慕達註冊成立之有限公司）
全 體 股 東

本核數師已審核列載於第五十一頁至第一百一十五頁佐丹奴國際有限公司（「公司」）及其附屬公司（以下合稱「集團」）之綜合財務報表，此綜合財務報表包括於二零零六年十二月三十一日之綜合及公司資產負債表與截至該日止年度之綜合損益表、權益變動表及綜合現金流量表，以及主要會計政策概要及其他附註解釋。

董事就財務報表須承擔的責任

公司董事須負責根據香港會計師公會頒布之香港財務報告準則以及香港《公司條例》的披露規定編製及真實兼公平地列報該等綜合財務報表。該責任包括設計、實施及維持與編製及真實兼公平地列報財務報表相關的內部監控，以使財務報表不存在由於欺詐或錯誤而導致的重大錯誤陳述；選擇和應用適當的會計政策；及按情況作出合理的會計估計。

核數師的責任

本核數師之責任是根據審核對該等財務報表作出意見，並按照百慕達一九八一年《公司法》第九十條僅向整體股東報告，除此之外本報告別無其他目的。本核數師不會就本報告的內容向任何其他人士負上或承擔任何責任。

本核數師已根據香港會計師公會頒布之香港審計準則進行審核工作。該等準則要求本核數師遵守道德規範，並策劃及執行審核工作，以合理確定該等財務報表是否不存有任何重大錯誤陳述。

TO THE SHAREHOLDERS OF
GIORDANO INTERNATIONAL LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Giordano International Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 51 to 115, which comprise the consolidated and company balance sheets as at December 31, 2006, and the consolidated profit and loss account, the statements of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

審核工作涉及執行程序以獲取財務報表所載金額及披露資料的審核憑證。所選定的程序取決於核數師的判斷，包括評估由於欺詐或錯誤而導致財務報表存有重大錯誤陳述的風險。在評估該等風險時，核數師考慮與公司編製及真實兼公平地列報財務報表相關的內部監控，以設計在該情況下適當的審核程序，但並非為對公司的內部監控的效能發表意見。審核亦包括評估董事所採用的會計政策的合適性及所作出的會計估計的合理性，以及評價財務報表的整體列報方式。

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

本核數師相信，我們所獲得的審核憑證是充足和適當地為我們的審核意見提供基礎。

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

意見

本核數師認為，該等綜合財務報表已根據香港財務報告準則真實兼公平地反映　貴公司及貴集團於二零零六年十二月三十一日的事務狀況及截至該日止年度的盈利及現金流量，並已按照香港《公司條例》之披露規定妥為編製。

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at December 31, 2006 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

羅兵咸永道會計師事務所
執業會計師

香港，二零零七年三月二十二日

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, March 22, 2007

截至二零零六年十二月三十一日止年度

For the year ended December 31, 2006

(除每股盈利外，以港幣百萬元為單位)	*(In HK$ millions, except earnings per share)*	附註 Note	**2006**	2005
營業額	Turnover	5	**4,372**	4,413
銷售成本	Cost of sales		**(2,194)**	(2,170)
毛利	Gross profit		**2,178**	2,243
其他收益	Other revenue	5	**114**	100
分銷費用	Distribution expense		**(1,449)**	(1,349)
行政費用	Administrative expense		**(171)**	(167)
其他經營費用	Other operating expense		**(296)**	(309)
經營溢利	Operating profit	5, 6	**376**	518
融資費用	Finance expense	7	**(1)**	(1)
應佔共同控制公司溢利	Share of profit of jointly controlled companies	17	**8**	20
應佔一聯營公司溢利	Share of profit of an associate	18	**8**	11
除税前溢利	Profit before taxation		**391**	548
税項	Taxation	10	**(173)**	(117)
除税後溢利	Profit after taxation		**218**	431
應佔溢利：	Profit attributable to:			
本公司股東	Shareholders of the Company	11	**205**	406
少數股東	Minority interests		**13**	25
			218	431
股息	Dividends	12	**395**	395
每股盈利	Earnings per share	13		
基本	Basic		**13.8¢**	27.5¢
攤薄	Diluted		**13.7¢**	27.4¢

二零零六年十二月三十一日

December 31, 2006

(以港幣百萬元為單位)	*(In HK$ millions)*	附註 Note	集團 Group **2006**	集團 Group 2005	公司 Company **2006**	公司 Company 2005
資 產	**ASSETS**					
非流動資產	**Non-current assets**					
物業、機器及設備	Property, plant and equipment	14	**261**	256	**10**	10
投資物業	Investment property	15	**86**	88	**–**	–
附屬公司權益	Interest in subsidiaries	16	**–**	–	**898**	898
共同控制公司權益	Interest in jointly controlled companies	17	**358**	316	**–**	–
一聯營公司權益	Interest in an associate	18	**32**	30	**–**	–
租賃土地及租金預付款項	Leasehold land and rental prepayments	19	**307**	313	**160**	166
租賃按金	Rental deposits		**253**	251	**–**	–
遞延税項資產	Deferred tax assets	24	**34**	24	**–**	–
			1,331	1,278	**1,068**	1,074
流動資產	**Current assets**					
存貨	Inventories	20	**422**	369	**–**	–
租賃土地及租金預付款項	Leasehold land and rental prepayments	19	**14**	13	**5**	5
應收賬款及其他應收款	Trade and other receivables	21	**494**	407	**1**	3
應收附屬公司款項	Amounts due from subsidiaries	16	**–**	–	**832**	980
現金及銀行結存	Cash and bank balances	28	**723**	903	**1**	1
			1,653	1,692	**839**	989
資產總額	**Total assets**		**2,984**	2,970	**1,907**	2,063

（以港幣百萬元為單位）	(In HK$ millions)	附註 Note	集團 Group 2006	2005	公司 Company 2006	2005
權 益 及 負 債	**EQUITY AND LIABILITIES**					
股本及儲備	**Capital and reserves**					
股本	Share capital	22	**75**	74	**75**	74
儲備	Reserves	23	**1,614**	1,750	**1,489**	1,633
擬派股息	Proposed dividends	12	**298**	298	**298**	298
本公司股東應佔權益	Equity attributable to shareholders of the Company		**1,987**	2,122	**1,862**	2,005
少數股東權益	Minority interests		**103**	93	**–**	–
權益總額	**Total equity**		**2,090**	2,215	**1,862**	2,005
非流動負債	**Non-current liabilities**					
遞延税項負債	Deferred tax liabilities	24	**103**	92	**–**	–
流動負債	**Current liabilities**					
應付賬款及其他應付款	Trade and other payables	25	**599**	515	**2**	2
銀行貸款	Bank loans	28	**58**	76	**43**	56
税項	Taxation		**134**	72	**–**	–
			791	663	**45**	58
負債總額	**Total liabilities**		**894**	755	**45**	58
權益及負債總額	**Total equity and liabilities**		**2,984**	2,970	**1,907**	2,063

劉國權
LAU Kwok Kuen, Peter
董事
Director

馬灼安
MAH Chuck On, Bernard
董事
Director

綜 合 現 金 流 量 表
CONSOLIDATED CASH FLOW STATEMENT

截至二零零六年十二月三十一日止年度

For the year ended December 31, 2006

(以港幣百萬元為單位)	*(In HK$ millions)*	附註 Note	**2006**	2005
經營業務：	**Operating activities :**			
除稅前溢利	Profit before taxation		**391**	548
調整：	**Adjustments for:**			
應佔共同控制公司溢利	Share of profit of jointly controlled companies	17	**(8)**	(20)
應佔一聯營公司溢利	Share of profit of an associate	18	**(8)**	(11)
租賃土地及租金預付款項攤銷	Amortization of leasehold land and rental prepayments	19	**14**	13
利息收入	Interest income	5	**(19)**	(15)
折舊	Depreciation	6	**110**	115
出售物業、機器及設備之淨虧損	Net loss on disposal of property, plant and equipment	6	**3**	2
銀行貸款利息	Interest on bank loans	7	**1**	1
購股權費用	Share option expense		**1**	4
營運資金變動前之經營溢利	Operating profit before changes in working capital		**485**	637
存貨之增加	Increase in inventories		**(53)**	(38)
應收賬款及其他應收款之增加	Increase in trade and other receivables		**(84)**	(45)
應付賬款及其他應付款之增加	Increase in trade and other payables		**84**	41
經營活動所產生之現金	Cash generated from operations		**432**	595
已付利息	Interest paid		**(1)**	(1)
已付香港利得稅	Hong Kong profits tax paid		**(36)**	(54)
已付海外稅項	Overseas tax paid		**(89)**	(51)
經營業務之現金流入淨額	**Net cash inflow from operating activities**		**306**	489

(以港幣百萬元為單位)	(In HK$ millions)	附註 Note	2006	2005
投資業務：	**Investing activities:**			
購買物業、機器及設備	Purchase of property, plant and equipment	14	**(111)**	(120)
出售物業、機器及設備之收入	Proceeds from sale of property, plant and equipment		**1**	1
投資於一共同控制公司	Investment in a jointly controlled company		**(10)**	(8)
租賃土地及租金預付款項之（增加）/減少	(Increase)/decrease in leasehold land and rental prepayments		**(4)**	5
租賃按金之（增加）/減少	(Increase)/decrease in rental deposits		**(2)**	6
已收利息	Interest received		**19**	15
已收共同控制公司股息	Dividends received from jointly controlled companies		**6**	6
已收一聯營公司股息	Dividends received from an associate		**6**	6
投資業務之現金流出淨額	**Net cash outflow from investing activities**		**(95)**	(89)
融資業務前之現金流入淨額	**Net cash inflow before financing activities**		**211**	400
融資業務：	**Financing activities:**			
發行股份之收入	Proceeds from issue of shares		**4**	113
已付少數股東股息	Dividends paid to minority shareholders		**(6)**	(11)
已付股息	Dividends paid		**(395)**	(357)
融資業務之現金流出淨額	**Net cash outflow from financing activities**		**(397)**	(255)
現金及現金等值之（減少）/增加	**(Decrease)/increase in cash and cash equivalents**		**(186)**	145
年初現金及現金等值結存	**Cash and cash equivalents at the beginning of the year**		**824**	686
外幣匯率變動之影響	**Effect of foreign exchange rate changes**		**24**	(7)
年終現金及現金等值結存	**Cash and cash equivalents at the end of the year**	28	**662**	824

截至二零零六年十二月三十一日止年度

For the year ended December 31, 2006

(a) 集團 (a) Group

(以港幣百萬元為單位) *(In HK$ millions)*	本公司股東應佔權益 Attributable to shareholders of the Company										
	股本 Share capital	繳入盈餘 Contributed surplus	資本贖回儲備 Capital redemption reserve	股份溢價 Share premium	購股權儲備 Share options reserve	匯兑儲備 Exchange reserve	(附註23) (Note 23) 其他儲備 Other reserves	滾存溢利 Retained profits	合計 Total	少數股東權益 Minority interests	權益總額 Total equity
於二零零六年一月一日 At January 1, 2006	74	383	3	602	10	(30)	119	961	2,122	93	2,215
海外附屬公司及分公司換算之匯兑調整 Exchange adjustment on translation of overseas subsidiaries and branches	–	–	–	–	–	51	–	–	51	3	54
遞延税項負債淨額之變動(附註24) Movement in net deferred tax liabilities (note 24)	–	–	–	–	–	(1)	–	–	(1)	–	(1)
淨收益直接於權益中確認 Net gain recognized directly in equity	–	–	–	–	–	50	–	–	50	3	53
本年度溢利 Profit for the year	–	–	–	–	–	–	–	205	205	13	218
確認收益總額 Total recognized gain	–	–	–	–	–	50	–	205	255	16	271
由其他儲備撥轉 Transfer from other reserves	–	–	–	–	–	–	(6)	6	–	–	–
購股權計劃 Share option scheme											
–因行使購股權而發行之股份 –Shares issue upon exercise of share options	1	–	–	4	(1)	–	–	–	4	–	4
–購股權費用 –Share option expense	–	–	–	–	1	–	–	–	1	–	1
少數股東股息 Dividends to minority shareholders	–	–	–	–	–	–	–	–	–	(6)	(6)
二零零五年末期及特別股息(附註12(b)) 2005 final and special dividends (note 12(b))	–	–	–	–	–	–	–	(298)	(298)	–	(298)
二零零六年中期及特別股息(附註12(a)) 2006 interim and special dividends (note 12(a))	–	–	–	–	–	–	–	(97)	(97)	–	(97)
	1	–	–	4	–	–	(6)	(389)	(390)	(6)	(396)
於二零零六年十二月三十一日 At December 31, 2006	**75**	**383**	**3**	**606**	**10**	**20**	**113**	**777**	**1,987**	**103**	**2,090**

(a) 集團 (a) Group

二零零五年之比較數字如下：

The comparative figures for 2005 are set out as follows:

	本公司股東應佔權益 Attributable to shareholders of the Company										
(以港幣百萬元為單位) (In HK$ millions)	股本 Share capital	繳入盈餘 Contributed surplus	資本贖回儲備 Capital redemption reserve	股份溢價 Share premium	購股權儲備 Share options reserve	匯兌儲備 Exchange reserve	(附註23) (Note 23) 其他儲備 Other reserves	滾存溢利 Retained profits	合計 Total	少數股東權益 Minority interests	權益總額 Total equity
於二零零五年一月一日 At January 1, 2005	73	383	3	489	7	(32)	118	913	1,954	79	2,033
海外附屬公司及分公司換算之匯兌調整 Exchange adjustment on translation of overseas subsidiaries and branches	–	–	–	–	–	1	–	–	1	–	1
遞延稅項負債淨額之變動(附註24) Movement in net deferred tax liabilities (note 24)	–	–	–	–	–	1	–	–	1	–	1
淨收益直接於權益中確認 Net gain recognized directly in equity	–	–	–	–	–	2	–	–	2	–	2
本年度溢利 Profit for the year	–	–	–	–	–	–	–	406	406	25	431
確認收益總額 Total recognized gain	–	–	–	–	–	2	–	406	408	25	433
撥轉至其他儲備 Transfer to other reserves	–	–	–	–	–	–	1	(1)	–	–	–
購股權計劃 Share option schemes											
–因行使購股權而發行之股份 –Shares issue upon exercise of share options	1	–	–	113	(1)	–	–	–	113	–	113
–購股權費用 –Share option expense	–	–	–	–	4	–	–	–	4	–	4
少數股東股息 Dividends to minority shareholders	–	–	–	–	–	–	–	–	–	(11)	(11)
二零零四年末期及特別股息(附註12(b)) 2004 final and special dividends (note 12(b))	–	–	–	–	–	–	–	(260)	(260)	–	(260)
二零零五年中期及特別股息(附註12(a)) 2005 interim and special dividends (note 12(a))	–	–	–	–	–	–	–	(97)	(97)	–	(97)
	1	–	–	113	3	–	1	(358)	(240)	(11)	(251)
於二零零五年十二月三十一日 At December 31, 2005	74	383	3	602	10	(30)	119	961	2,122	93	2,215

(b) 公司 (b) Company

(以港幣百萬元為單位) (In HK$ millions)	股本 Share capital	繳入盈餘 Contributed surplus	資本贖回儲備 Capital redemption reserve	股份溢價 Share premium	購股權儲備 Share options reserve	滾存溢利 Retained profits	權益總額 Total equity
於二零零六年一月一日 At January 1, 2006	**74**	**540**	**3**	**602**	**10**	**776**	**2,005**
本年度溢利(附註11) Profit for the year (note 11)	**–**	**–**	**–**	**–**	**–**	**247**	**247**
確認收益總額 Total recognized gain	**–**	**–**	**–**	**–**	**–**	**247**	**247**
購股權計劃 Share option scheme							
–因行使購股權而發行之股份 –Shares issue upon exercise of share options	**1**	**–**	**–**	**4**	**(1)**	**–**	**4**
–購股權費用 –Share option expense	**–**	**–**	**–**	**–**	**1**	**–**	**1**
二零零五年末期及特別股息(附註12(b)) 2005 final and special dividends (note 12(b))	**–**	**–**	**–**	**–**	**–**	**(298)**	**(298)**
二零零六年中期及特別股息(附註12(a)) 2006 interim and special dividends (note 12(a))	**–**	**–**	**–**	**–**	**–**	**(97)**	**(97)**
	1	**–**	**–**	**4**	**–**	**(395)**	**(390)**
於二零零六年十二月三十一日 At December 31, 2006	**75**	**540**	**3**	**606**	**10**	**628**	**1,862**

二零零五年之比較數字如下： The comparative figures for 2005 are set out as follows:

(以港幣百萬元為單位) (In HK$ millions)	股本 Share capital	繳入盈餘 Contributed surplus	資本贖回儲備 Capital redemption reserve	股份溢價 Share premium	購股權儲備 Share options reserve	滾存溢利 Retained profits	權益總額 Total equity
於二零零五年一月一日 At January 1, 2005	73	540	3	489	7	829	1,941
本年度溢利(附註11) Profit for the year (note 11)	–	–	–	–	–	304	304
確認收益總額 Total recognized gain	–	–	–	–	–	304	304
購股權計劃 Share option schemes							
–因行使購股權而發行之股份 –Shares issue upon exercise of share options	1	–	–	113	(1)	–	113
–購股權費用 –Share option expense	–	–	–	–	4	–	4
二零零四年末期及特別股息(附註12(b)) 2004 final and special dividends (note 12(b))	–	–	–	–	–	(260)	(260)
二零零五年中期及特別股息(附註12(a)) 2005 interim and special dividends (note 12(a))	–	–	–	–	–	(97)	(97)
	1	–	–	113	3	(357)	(240)
於二零零五年十二月三十一日 At December 31, 2005	74	540	3	602	10	776	2,005

1. 一般資料

Giordano International Limited(「本公司」)及其附屬公司(統稱「本集團」)透過一個擁有超過一千七百間店鋪並遍布二十多個國家之零售網絡分銷及銷售 *Giordano*、*Giordano Concepts*、*Giordano Ladies*、*Giordano Junior* 及 *Bluestar Exchange* 等品牌之便服。本集團亦於中國大陸有限度經營製衣業務。

本公司為一間於百慕達註冊成立的有限責任公司，其註冊辦事處位於Canon's Court, 22 Victoria Street, Hamilton, HM12, Bermuda。本公司的證券於香港聯合交易所有限公司以第一市場上市(股份代號：709)。

除特別註明外，本綜合財務報表以港幣百萬元為單位。此綜合財務報表已於二零零七年三月二十二日獲董事會通過。

1. GENERAL INFORMATION

Giordano International Limited (the "Company") and its subsidiaries (together the "Group") distribute and sell casual apparel under the brand names of *Giordano, Giordano Concepts, Giordano Ladies, Giordano Junior and Bluestar Exchange* through an extensive retailing network with over 1,700 shops spanning over 20 countries. It also operates a limited manufacturing capacity in Mainland China.

The Company is a limited liability company incorporated in Bermuda. Its registered office is situated at Canon's Court, 22 Victoria Street, Hamilton, HM12, Bermuda. The Company has its primary listing on The Stock Exchange of Hong Kong Limited (stock code: 709).

The consolidated financial statements are presented in million of units of Hong Kong dollars (HK$ million) unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on March 22, 2007.

2. 主要會計政策

本財務報表中所採用之主要會計政策現列載如下:

(a) 編製基準

本財務報表乃按照香港會計師公會頒布之香港財務報告準則(「HKFRS」)、香港會計準則(「HKAS」)及詮釋編製。本財務報表按照歷史成本法編製，再就衍生金融工具重估其公平值而修改。

2. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below:

(a) Basis of preparation

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants. The financial statements are prepared under the historical cost convention, as modified by the revaluation of derivative financial instruments at fair value.

2. 主要會計政策（續）

(a) 編製基準（續）

在遵照 HKFRS 及 HKAS 編製財務報表時需要運用一些重要會計估計。管理層亦需要在應用本集團之會計政策時作出判斷。一些需要高度判斷或涉及複雜範疇；或對綜合財務報表有重大影響之假設和估計於附註4披露。

除了採納於下列附註2(b)列出於二零零六年一月一日或之後開始之會計年度生效之新增及經修訂之 HKAS 及 HKFRS 外，編製此財務報表所採用之會計政策及計算方法與編製二零零五年度之財務報表所採用相同。

(b) 新增及經修訂之 HKFRS 及 HKAS 的影響

香港會計師公會已頒布多項新增及經修訂之 HKFRS、HKAS 及詮釋，並於二零零六年一月一日或之後開始之會計年度生效。本集團已採納適用於其業務之 HKFRS 及 HKAS。採納以下之新增及經修訂會計準則並無對本集團之財務報表造成重大影響：

HKAS 39 修訂	公平值選擇
HKAS 39 及 HKFRS 4 修訂	財務擔保合約
HKFRS 詮釋 4	釐定安排是否包含租賃

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

The preparation of financial statements in conformity with HKFRSs and HKASs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4.

The accounting policies and methods of computation used in the preparation of these financial statements are consistent with those used in 2005 except for the adoption of new and revised HKASs and HKFRSs which are effective for accounting periods beginning on or after January 1, 2006 as set out in note 2(b) below.

(b) Impact of new and revised HKFRSs and HKASs

Hong Kong Institute of Certified Public Accountants has issued a number of new and revised HKFRSs, HKASs and Interpretations which are effective for accounting periods beginning on or after January 1, 2006. The Group has adopted the HKFRSs and HKASs that are applicable to its operations. The adoption of the following new and revised HKFRSs and HKASs has no material impact on the Group's financial statements:

HKAS 39 Amendment	The Fair Value Option
HKAS 39 & HKFRS 4 Amendments	Financial Guarantee Contracts
HKFRS Interpretation 4	Determining whether an Arrangement Contains a Lease

2. 主要會計政策(續)

(b) 新增及經修訂之 HKFRS及 HKAS的影響(續)

與本集團業務相關而必須於本集團二零零七年一月一日或之後開始之會計年度採用之若干新增準則和現有準則之修訂及詮釋經已頒布;惟本集團並未於截至二零零六年十二月三十一日止年度的財務報表內提早採納該等新增準則及詮釋:

HKFRS7	金融工具:披露
HK(IFRIC)-詮釋10	中期財務報告及減值
HK(IFRIC)-詮釋11	HKFRS 2 - 集團及庫存股份交易

採納以上之新增準則及詮釋,除編列上的若干變動外,並無對本集團之財務報表造成重大影響。

(c) 綜合基準

綜合財務報表包括本公司及其附屬公司截至二零零六年十二月三十一日止之財務報表。

集團內所有公司間之重大交易及結餘均於綜合報表內抵銷。

於本年度內收購或出售之附屬公司,其業績由收購或直至出售之生效日起計入綜合損益表內。

出售附屬公司之收益或虧損,指出售所得之收入與集團應佔該公司之資產淨值(連同以前並未於綜合損益表內支銷或入賬之任何商譽)之差額。

少數股東權益指外界股東在附屬公司之經營業績及資產淨值中所佔之權益。

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(b) Impact of new and revised HKFRSs and HKASs (continued)

Certain new standards, amendments and interpretations to existing standards have been published that are relevant to the Group's business and are mandatory for the Group's accounting periods beginning on or after January 1, 2007 or later periods. The Group has not early adopted the following new standards and interpretations for the year ended December 31, 2006:

HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Interpretation 10	Interim Financial Reporting and Impairment
HK(IFRIC)-Interpretation 11	HKFRS 2 - Group and Treasury Share Transactions

Apart from certain presentational changes, the adoption of the above new standards and interpretations will have no significant impact on the Group's financial statements.

(c) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to December 31, 2006.

All material inter-company transactions and balances within the Group are eliminated on consolidation.

The results of subsidiaries acquired or disposed of during the year are dealt with in the consolidated profit and loss account from or up to the effective dates of acquisition or disposal.

The gain or loss on the disposal of a subsidiary represents the difference between the proceeds of the sale and the Group's share of its net assets together with any goodwill which was not previously charged or recognized in the consolidated profit and loss account.

Minority interests represent the interests of outside shareholders in the operating results and net assets of subsidiaries.

2. 主要會計政策（續）

(d) 附屬公司

附屬公司是指本公司直接或間接持有該公司多於百分之五十投票權或已發行股本或擁有組成其董事會之控制權或有權監控其財務及經營政策。

附屬公司之賬目由控制權轉移予本集團當日起完全綜合於本集團賬目內，而於控制權終止當日剔除。

本集團收購附屬公司時以購買會計法入賬。收購成本乃按轉讓日所給予資產、所發行股本工具及所引致或承擔的負債的公平值，加收購事項直接引致之成本計算。業務合併時所收購之可識別資產及所承擔之負債及或然負債初步以於收購日之公平值計算，而不計入任何少數股東權益。收購成本超出本集團應佔所收購可識別資產淨值之公平值部分則記錄為商譽。倘收購成本低於所購附屬公司資產淨值之公平值，該差異則直接於損益表中確認。

集團公司之間的交易、結餘及交易之未變現收益乃予抵銷。除非該交易提供證據證明所轉移資產出現減值，否則未變現虧損亦予以抵銷。附屬公司之會計政策在需要情況下已作修訂，以確保與本集團所採納之政策一致。

附屬公司之投資，以成本值扣除減值虧損之撥備納入本公司之資產負債表內。本公司將附屬公司之業績按已收及應收股息入賬。

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(d) Subsidiaries

A subsidiary is a company in which the Company, directly or indirectly, controls more than 50 percent of its voting power or issued share capital or controls the composition of its board of directors or has power to govern its financial and operating policies.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the profit and loss account.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries are changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries are carried in the Company's balance sheet at cost, less provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

2. 主要會計政策（續）

(e) 共同控制公司

共同控制公司乃每位投資者擁有其權益而該公司之財務及營運決策乃根據合約安排由投資者共同控制。

本集團採納權益法處理於共同控制公司之權益。綜合損益表包括本集團於年內應佔共同控制公司之業績，而集團資產負債表包括本集團所佔共同控制公司之淨資產。當本集團與共同控制公司有交易時，未變現溢利及虧損會根據本集團所佔權益予以抵銷。

於本公司之資產負債表，共同控制公司之權益以成本值扣除減值虧損之撥備入賬。本公司將共同控制公司之業績按已收及應收股息入賬。

(f) 聯營公司

聯營公司是指本集團對其有重大影響但不擁有控制權的公司，一般擁有其百分之二十至百分之五十股本權益。

本集團對收購後應佔聯營公司的利潤或虧損於損益表中確認，而應佔收購後的聯營公司的儲備變動在儲備中確認。收購後的累積變動乃於投資之賬面值作調整。當本集團應佔聯營公司的虧損相等於或大於其佔聯營公司的權益(包括任何其他無擔保之應收賬款)，除非本集團有該責任或已代聯營公司支付款項，本集團不再確認額外的損失。

因本集團與聯營公司之間交易而產生的未變現收益按本集團所佔權益予以抵銷。除非該交易提供證據證明所轉移資產出現減值，否則未變現虧損亦予抵銷。

於本公司之資產負債表內，聯營公司之投資以成本值扣除減值虧損之撥備入賬。本公司將聯營公司之業績按已收及應收股息入賬。

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(e) Jointly controlled companies

A jointly controlled company is an entity in which each venturer has an interest and of which its financial and operating policies are under contractual arrangements jointly controlled by the venturers.

The Group adopts the equity method to account for the interests in jointly controlled companies. The consolidated profit and loss account includes the Group's share of the results of jointly controlled companies for the year, and the Group's balance sheet includes the Group's share of net assets of the jointly controlled companies. When the Group transacts with its jointly controlled companies, unrealized profits and losses are eliminated to the extent of the Group's interests in jointly controlled companies.

In the Company's balance sheet, the interests in jointly controlled companies are stated at cost less provision for impairment losses. The results of jointly controlled companies are accounted for by the Company on the basis of dividend received and receivable.

(f) Associates

An associate is a company over which the Group has significant influence but does not control, generally accompanying an equity interest of between 20 percent and 50 percent.

The Group's share of its associate's post-acquisition profits or losses is recognized in the profit and loss account, and its share of post-acquisition movements in reserves is recognized in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

In the Company's balance sheet, the investments in associates are stated at cost less provision for impairment losses. The results of associates are accounted for by the Company on the basis of dividend received and receivable.

2. 主要會計政策（續）

(g) 分部報表

一個業務分部是指從事提供產品或服務之一組資產及業務，而該組資產及業務之風險及回報有別於其他業務分部。一個地區分部乃在某一特定經濟環境下從事提供產品或服務，而該分部之風險及回報有別於在其他經濟環境經營的分部。

(h) 外幣換算

(i) 功能性及呈列貨幣

本集團內各企業的財務報表內的項目均以該企業經營之主要經濟環境之通行貨幣（「功能性貨幣」）計量。綜合財務報表以港元呈列，而該貨幣為本公司的功能性及呈列貨幣。

(ii) 交易及結餘

外幣交易均按交易當日之匯率折算為功能性貨幣入賬。上述交易結算過程中以及按年終兑換匯率換算以外幣為單位之貨幣性資產和負債時出現的匯兑收益及虧損均於損益表中確認。

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(g) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

(h) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's companies are measured using the currency of the primary economic environment in which the company operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the transaction dates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit and loss account.

2. 主要會計政策（續）

(h) 外幣換算（續）

(iii) 集團公司

所有本集團之公司若其功能性貨幣與呈列貨幣不同（各公司均無極高通脹經濟之貨幣），其業績及財務狀況均按以下方法換算為呈列貨幣：

- 每份呈列於資產負債表之資產及負債均以該資產負債表結算日之收市匯率換算;
- 每份損益表之收入及支出項目乃按平均匯率換算（除非該平均匯率對交易日通行匯率之累計影響並非是一個合理的接近匯率；在此情況下，收入及支出乃按交易當日的匯率換算）；及
- 所有兑換差異乃於匯兑儲備中確認。

於綜合賬目時，換算境外公司投資淨值，以及借款和作為上述投資之對沖之其他貨幣投資時產生之匯兑差額乃列入匯兑儲備內。當出售境外業務時，該匯兑差額於損益表中確認為出售收益或虧損。

(i) 物業、機器及設備

永久業權土地以成本值入賬及不作攤銷。

樓宇、租賃物業裝修及其他固定資產以成本值扣除累積折舊及累積減值虧損列賬。成本值指資產之購買價及將資產達至現行用途之其他有關費用。

僅在與該項目相關之未來經濟效益有可能歸於本集團及能可靠地計算出該項目成本之情況下，其後之成本才會包括於資產賬面值或確認為獨立之資產（如適用）。所有其他維修及保養支出於其產生之財務期內計入損益表。

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(h) Foreign currency translation (continued)

(iii) Group companies

The results and financial position of all the group companies (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at balance sheet date;
- income and expenses for each profit and loss account are translated at average exchange rates (unless this average rate is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case, incomes and expenses are translated at the exchange rate on transaction dates); and
- all resulting exchange differences are recognized in the exchange reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign companies, and of borrowings and other currency instruments designated as hedges of such investments, are taken to exchange reserve. When a foreign operation is sold, such exchange differences are recognized in the profit and loss account as part of the gain or loss on sale.

(i) Property, plant and equipment

Freehold land is stated at cost and is not amortized.

Buildings, leasehold improvements and other fixed assets are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost represents the purchase price of the asset and other costs incurred to bring the asset into its existing use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the profit and loss account during the financial period in which they are incurred.

2. 主要會計政策（續）

(i) 物業、機器及設備（續）

物業、機器及設備之折舊乃以資產成本值按其估計於本集團可使用年期以直線方式撇銷如下：

– 永久業權之土地不作折舊。

– 位於永久業權土地上之樓宇是按估計可使用年期，以其完成日不多於五十年計算。

– 位於租賃土地上之樓宇是按估計剩餘租賃年期或其估計可使用年期，以完成日不多於五十年計算，兩者之較短者折舊。

– 機器	五年
– 其他固定資產	三至五年

於每個結算日，資產之剩餘價值及可使用年期，會於適當情況下重新審閱及作出調整。

倘某資產之賬面值大於其估計可收回金額，該資產之賬面值將即時減值至其可收回之金額。

出售固定資產之收益或虧損是指出售淨收益與有關資產賬面金額之差額，並於損益表內列賬。

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(i) Property, plant and equipment (continued)

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate cost over their estimated useful lives, as follows:

– Freehold land is not depreciated.

– Buildings situated on freehold land are depreciated over their estimated useful lives, being no more than 50 years after the date of completion.

– Buildings situated on leasehold land are depreciated over the shorter of the unexpired term of lease or their estimated useful lives, being no more than 50 years after the date of completion.

– Plant	5 years
– Other fixed assets	3 – 5 years

Assets' residual values and useful lives are reviewed and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gain or loss on disposal of fixed assets is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognized in the profit and loss account.

2. 主要會計政策（續）

(j) 投資物業

投資物業是指持有作為長期收租或資本增值，或兩者皆是。

投資物業包括融資租賃之樓宇，以成本值扣除累積折舊及累積減值虧損列賬。成本值是指投資物業之購買價及將物業達至現行用途之其他有關費用。投資物業之折舊是按剩餘租賃年期將其成本值撇銷計算。

僅在與該項目相關之未來經濟效益有可能歸於本集團及能可靠地計算出項目成本之情況下，其後的支出才會包括於資產賬面值。所有其他維修及保養支出於其產生之財務期內計入損益表。

(k) 資產減值

無指定使用年期之資產毋需攤銷，但至少每年或每當有事項或情況轉變顯示不可收回賬面值時就檢討是否需要減值。需要攤銷之資產於每年或每當有事項或情況轉變顯示賬面值不可收回時，就檢討是否需要減值。減值虧損即時按資產賬面值超出其可收回金額之差額確認。可收回金額為資產之公平值減銷售成本與使用價值之較高者。於評估減值時，資產應按可分開確認現金流量之最低水平（現金產生單位）分類評估。

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(j) Investment property

An investment property is a property which is held for long term rental yield or for capital appreciation, or both.

Investment property comprises buildings held under finance leases. It is stated at cost less accumulated depreciation and any accumulated impairment losses. Cost represents the purchase price of the investment property and other costs incurred to bring the property into its existing use. Depreciation of investment property is calculated to write off its cost over the unexpired period of the lease.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the profit and loss account during the financial period in which they are incurred.

(k) Impairment of assets

Assets that have an indefinite useful life are not subject to amortization, which are at least tested annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash-generating units).

2. 主要會計政策（續）

(l) 存貨

存貨按成本值與可變現淨值兩者中之較低者入賬。成本值乃按加權平均之基準並按下列方法計算：

(i) 原料及購入貨品 - 按發票價加採購成本；

(ii) 在製貨品及製成品 - 直接物料成本、直接勞工成本及應佔之生產費用，但不包括借貸成本。

可變現淨值乃存貨在正常業務情況下之預計售價扣除變賣費用，及（如適用）扣除將其轉換成製成產品之成本。

(m) 應收賬款及其他應收款

應收賬款及其他應收款乃按其公平值入賬，其後以實際利率攤銷成本計量；若在折現的影響並不重要的情況下應收賬款及其他應收款則以成本扣除減值撥備列出。應收賬款及其他應收款之減值撥備在有客觀證據證明將不能按應收款項之原有條款收回全數金額時確立。撥備金額為資產賬面值與估計未來現金流量之現值（按實際利率折現）之差額。撥備金額於損益表內確認。

(n) 現金及現金等值

現金及現金等值包括現金、銀行通知存款、其他短期高度流通和於三個月內到期之投資及銀行透支。銀行透支於資產負債表流動負債之銀行貸款下顯示。

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(l) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined on the weighted average basis and is arrived at as follows:

(i) Raw materials and purchased goods - invoiced prices plus procurement costs;

(ii) Work in progress and finished goods - cost of direct materials, direct labor and an appropriate proportion of production overheads, but excluding borrowing costs.

Net realizable value is the estimated price at which inventories can be sold in the normal course of business after allowing for the costs of realization and, where appropriate, the cost of conversion from their existing state to a finished condition.

(m) Trade and other receivables

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognized in the profit and loss account.

(n) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within bank loans in current liabilities on the balance sheet.

2. 主要會計政策（續）

(o) 借貸成本

所有借貸成本於發生期間內於損益表支銷，除非此等成本直接歸屬於收購 、建造或生產資產，而該資產需要長時間達至其預設用途或用作出售，才可作資本化。

(p) 遞延稅項

遞延稅項採用負債法就資產及負債之稅基與其在財務報表之賬面值兩者之短暫性差異作全數撥備。於結算日已頒布或實質上頒布的稅率，將用作為決定遞延稅項。

因稅務虧損所產生之遞延稅項資產不會確認入賬，除非預期日後應課稅溢利可抵銷此短暫性差異。

遞延稅項就投資於附屬公司、共同控制公司及聯營公司所產生之短暫性差異而撥備，惟母公司若可以控制此時差之撥回，並有可能在可預見未來不會撥回則除外。

(q) 僱員福利

(i) 退休金責任

除台灣之退休計劃安排外，本集團為所有合資格的僱員實行界定供款計劃及(如適用)參與中央界定供款公積金計劃。界定供款計劃之資產與本集團之資產分開持有，並由獨立基金管理。僱主與僱員雙方均須就該等計劃作供款，而供款額乃取決於僱員薪金之百分比，由百分之二至百分之二十不等。

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(o) Borrowing costs

Borrowing costs are expensed in the profit and loss account in the period in which they are incurred, except to the extent that they are capitalized as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale.

(p) Deferred taxation

Deferred taxation is provided in full, using liability method, on temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. Taxation rates enacted or substantially enacted by the balance sheet date are used to determine deferred taxation.

Deferred tax assets generated from taxable losses are not recognized unless it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred taxation is provided on the temporary differences arising on investment in subsidiaries, jointly controlled companies and associates, except where the timing of the reversal of the temporary differences can be controlled by the parent company and it is probable that the temporary difference will not reverse in the foreseeable future.

(q) Employee benefits

(i) Pension obligations

Except for the pension scheme arrangements in Taiwan, the Group operates defined contributions schemes and, if applicable, participates in central defined contribution provident fund schemes for all qualified employees. The assets of the said schemes are held by independently administered funds separated from those of the Group. Contributions to these schemes are made by both the employers and employees at rates ranging from two percent to twenty percent on the employees' salaries.

2. 主要會計政策（續）

(q) 僱員福利（續）

(i) 退休金責任（續）

本集團就該界定供款計劃及強制性公積金計劃所作出之供款在發生時作為費用支銷，而員工在取得全數既得之利益前退出計劃而被沒收之僱主供款將會用作扣減此供款。本集團於作出供款後，便再無其他付款的責任。

集團全資附屬公司之台灣分公司依據台灣勞動基準法條例參與「確定給付制」之退休金計劃（「舊制」）；同時，自二零零五年七月一日起，依據台灣勞工退休金條例參與「確定提撥制」之退休金計劃（「新制」）。

在舊制下，集團有責任確保有足夠的資金支付員工之退休金包含在新制實施前舊年資應保留之退休金及選擇繼續參與舊制的員工之隨後年資，台灣分公司現行按參與員工薪金總額之百分之二提撥退休金，此提撥比率是經相關政府單位批准的，舊制的退休金資產乃是由中央信託局投資。

在新制下，台灣分公司依據選擇參與新制的員工之每月薪金，按月提撥百分之六的退休金，並存入員工於勞工保險局之個人賬戶內。

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(q) Employee benefits (continued)

(i) Pension obligations (continued)

The Group's contributions to the defined contribution plans and mandatory provident fund scheme are expensed as incurred and, if applicable, are reduced by contributions forfeited by those employees who leave the scheme or the plan prior to vesting fully in the contributions. The Group has no further payment obligations once the contributions have been made.

The branches of wholly-owned subsidiaries of the Group in Taiwan have a defined benefit scheme ("Old Scheme") governed by the Labor Standard Law and a defined contribution scheme ("New Scheme") governed by the Labor Pension Act which became effective on July 1, 2005.

Under the Old Scheme, the Group has an obligation to ensure that there are sufficient funds in the scheme to pay the benefits earned for the service years of all employees before the New Scheme was effective and the subsequent service years of employees who chose to continue to participate in the Old Scheme. The branches currently contribute at two percent of the total salaries of participating employees as determined and approved by the relevant government authorities. The assets of the Old Scheme are invested by the Central Trust of China.

Under the New Scheme, the branches contribute each month at six percent of the salary of employees who choose to participate in the New Scheme, deposited into individual pension accounts at the Bureau of Labor Insurance.

2. 主要會計政策（續）

(q) 僱員福利（續）

(ii) 以股份支付的補償

本集團設有一項以股權結算、以股份支付之補償計劃。本集團就授出購股權而取得僱員服務之公平價值被確認並列作開支。購股權歸屬期間之支銷總額乃參考已授出購股權之公平價值而釐定，惟不計及任何非市場歸屬情況之影響（例如盈利能力及銷售增長目標）。非市場歸屬情況包括於預期可予行使之購股權數目之假設內。於各結算日，本集團均會修訂其估計預期可予行使之購股權之數目。修訂原來估計數字如有影響，則於損益表內確認，以及在餘下歸屬期間對股東權益作相應調整。

當購股權獲行使時，已收取所得款項於扣除任何直接交易成本後均列入股本（面值）及股份溢價中。

(r) 撥備

當本集團對已發生的事件須承擔法律性或推定性的責任，則會確認撥備，而解除該責任時可能有資源之流出，並可確實地估計該數額。

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(q) Employee benefits (continued)

(ii) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the Group revises its estimates of the number for options that are expected to become exercisable. It recognizes the impact of the revision of original estimates, if any, in the profit and loss account, and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

(r) Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

2. 主要會計政策（續）

(s) 收入確認

收入包括產品及服務銷售的公平值扣減增值稅 、回扣和折扣及減除集團內銷售。收入確認如下：

(i) 產品銷售－批發

貨品之銷售收益在貨品付運予客戶，而客戶已接納該貨品及有關應收款項已合理地確定收到時確認。

(ii) 產品銷售－零售

貨品之銷售於出售產品予客戶時確認。零售銷售通常以現金或信用卡結算；而紀錄之收益為銷售總額，其中未扣減交易中應付的信用卡費用；此等費用包括在分銷成本中。

(iii) 服務銷售

服務銷售乃根據已提供之服務佔整體服務之比例為參考，於提供服務時之會計期間內確認。

(iv) 利息收入

利息收入根據尚未償還之本金及適用之利率，按時間比例使用實際利率法確認。

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(s) Revenue recognition

Revenue comprises the fair value for the sales of goods and services, net of value-added tax, rebates return and discounts and after eliminating sales within the Group. Revenue is recognized as follows:

(i) Sales of goods – wholesale

Sales of goods are recognized when a Group company has delivered products to the customer, the customer has accepted the products and collectibility of the related receivables is reasonably assured.

(ii) Sales of goods – retail

Sales of goods are recognized when a Group company sells a product to the customer. Retail sales are usually in cash or by credit card. The recorded revenue is the gross amount of sales, before netting off credit card fees payable for the transactions. Such fees are included in distribution costs.

(iii) Sales of services

Sales of services are recognized in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

(iv) Interest income

Interest income is recognized on a time-proportion basis using the effective interest method, taking into account the principal amount outstanding and the interest rates applicable.

2. 主要會計政策（續）

(s) 收入確認（續）

(v) 專利權收入

專利權收入按照相關協議之實質以應計基準確認。

(vi) 股息收入

股息收入於擁有權利收取股息時確認。

(t) 衍生金融工具

若干衍生工具（包括不符合對沖會計的遠期外匯兑換合約）先按其於衍生合約訂立日期當日的公平值列賬，再按其後的公平值重新計算。該等衍生工具公平值的變化，會即時於損益表內確認。

(u) 租賃（作為承租人）

(i) 融資租賃

凡本集團於資產租賃時將擁有資產之大部分回報及風險均列為融資租賃。於融資租賃開始時，其租賃資產之公平價值或最低租賃支出之現值，以較低者撥作資本化。為了達至基於財務餘額之固定利率，每一租賃支出被分配為負債及財務支出。相應之租務責任在扣除財務支出後會被納入流動及非流動借貸。財務成本的利息項目會於租賃年期內於損益表中確認，以致產生一個基於每期負債餘額的固定利率。

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(s) Revenue recognition (continued)

(v) Royalty income

Royalty income is recognized on an accrual basis in accordance with the substance of the relevant agreements.

(vi) Dividend income

Dividend income is recognized when the right to receive payment is established.

(t) Derivative financial instruments

Certain derivatives, including forward foreign exchange contracts, which do not qualify for hedge accounting, are initially recognized at fair value on the date on which a derivative contract is entered into and subsequently re-measured at their fair value. Changes in fair value of the derivatives are recognized immediately in the profit and loss account.

(u) Leases (as the lessee)

(i) Finance leases

Leases of assets where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, is included in current and non-current borrowings. The interest element of the finance cost is recognized in the profit and loss account over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

2. 主要會計政策(續)

(u) 租賃(作為承租人)(續)

(ii) 經營租賃

凡出租公司將保留擁有資產之大部分回報及風險之資產租賃，皆列為經營租賃。經營租賃之租金在租賃期內以直線法於損益表內支銷。

(v) 派息

向本公司股東派發之股息，於批准派息的財務期間被確認為本集團財務報表中的一項負債。

(w) 或然負債

或然負債是指因為過往事件而可能引起之承擔，而其存在只能就集團不能完全控制之一宗或多宗不確定未來事件之出現與否而確認。或然負債亦可能因過往事件引致之現有承擔，但由於可能不需要有經濟資源流出，或所須承擔之金額未能可靠衡量而未有記賬。

除了當或然負債於商業合併中被一同收購時，根據附註2(d)，其值最初會以公平值被確認(假設該公平值能合理地計量)，或然負債不會被確認，但會在財務報表附註中披露。倘若資源流出之可能性改變而導致可能出現資源流出，則確認為撥備。

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(u) Leases (as the lessee) (continued)

(ii) Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the leasing company are accounted for as operating leases. Rental payments applicable to such operating leases are charged to the profit and loss account on the straight-line basis over the lease periods.

(v) Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends are approved.

(w) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognized because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

With the exception of a contingent liability acquired as part of a business combination which is initially recognized at fair value (provided that the fair value can be reasonably measured) in accordance with note 2(d), a contingent liability is not recognized but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognized as a provision.

3. 財務風險管理

財務風險因素

本集團之業務使其主要受到貨幣及信貸風險之影響。本集團整體風險管理計劃尋求將對本集團財務表現有不良影響之潛在風險減至最低。如需要時，本集團使用金融衍生工具管理若干所面對的風險。

(i) 匯兑風險

本集團之國際營運業務面對若干匯兑風險，主要來自不同貨幣換算港元而產生。匯兑風險來自未來商業交易、已確認之資產及負債和海外經營之投資淨值。

為管理來自未來商業交易和已確認之資產及負債的外匯風險影響，當預期有關貨幣會有重大浮動時，本集團之公司將訂立遠期外匯兑換合約。

本集團擁有若干海外業務投資，其淨資產易受外匯換算風險。本集團於海外業務之淨資產，如日本業務，所帶來的匯兑風險主要是透過以其相關外匯為單位的借貸來管理。

(ii) 信貸風險

本集團並無主要集中性信貸風險。本集團有既定政策確保產品批發給予有良好信貸紀錄之客戶。零售客戶則須支付現金或使用主流信用卡。現金存款存放於具有良好信譽之財務機構。

3. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities exposed it mainly to currency risk and credit risk. The Group's overall risk management programme seeks to minimize potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to manage certain risk exposure when necessary.

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk primarily arising from translation of various currency exposures to Hong Kong dollar. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

To manage their foreign exchange risk arising from future commercial transactions, recognized assets and liabilities, companies in the Group use forward foreign exchange contracts when major fluctuation in the relevant foreign currency is anticipated.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operation such as Japan is managed primarily through borrowings denominated in their relevant foreign currencies.

(ii) Credit risk

The Group has no significant concentration of credit risk. It has policies in place to ensure that wholesale of products are made to customers with an appropriate credit history. Sales to retail customers are made in cash or via major credit cards. Cash deposits are placed with reputable financial institutions.

3. 財務風險管理（續）

財務風險因素（續）

(iii) 流動現金風險

審慎之流動現金風險管理透過維持足夠現金、銀行信貸所提供的金額和償還所有流動負債的能力而顯示。

(iv) 利率風險

因本集團並無重大附帶利息的借貸，本集團之營運現金流量不受市場利率轉變之影響。

3. FINANCIAL RISK MANAGEMENT (continued)

Financial risk factors (continued)

(iii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, availability of funding through an adequate amount of credit facilities from banks and the ability to settle all current liabilities.

(iv) Interest rate risk

As the Group has no significant interest-bearing borrowings, the Group's operating cash flows are substantially independent of changes in market interest rates.

4. 重要會計估計及判斷

估計及判斷之評估會持續地進行，並以過往經驗及其他因素作為基礎，包括在目前情況下對未來事件的合理預期。

重要會計估計及假設

本集團對未來作出推算及假設。所得之會計估計理論上難以與相關的實際結果相同。以下所論述之估計及假設有相當風險會引致須於下個財政年度對資產和負債之賬面值作重大調整。

本集團須於多個司法權區繳納利得稅。在為利得稅釐定全球準備時需要運用相當程度的判斷。於日常業務過程中有頗多未能確定最終稅項之交易及計算。本集團依據會否有到期應繳額外稅項之估計而確認預期稅務審計項目之負債。倘該等事項之最終稅務結果與初步記錄之金額不同，有關差異將影響作出釐定之期間內的利得稅及遞延稅項準備。

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

5. 營業額、收益及分部資料

本集團主要業務為零售及分銷其 *Giordano*、*Giordano Concepts*、*Giordano Ladies*、*Giordano Junior* 及 *Bluestar Exchange* 等品牌之便服及配襯用品。本集團亦同時經營成衣貿易及製造業務，以供應集團零售業務需求，並向本集團以外之人士供應產品。

本年度已確認之營業額及收益如下：

5. TURNOVER, REVENUE AND SEGMENT INFORMATION

The principal business of the Group is retail and distribution of casual apparel and accessories under *Giordano, Giordano Concepts, Giordano Ladies, Giordano Junior* and *Bluestar Exchange* brands. The Group also carries on garment trading and manufacturing operation, supporting the Group's retail business and supplying products to third parties.

Turnover and revenue recognized during the year are as follows:

（以港幣百萬元為單位）	*(In HK$ millions)*	**集團 Group** **2006**	2005
營業額	**Turnover**		
零售及分銷業務之銷售收入	Sales revenue from retail and distribution operation	**4,019**	4,002
成衣貿易及製造業務之銷售收入	Sales revenue from garment trading and manufacturing operation	**353**	411
		4,372	4,413
其他收益	**Other revenue**		
利息收入	Interest income	**19**	15
佣金收入	Commission income	**7**	11
租金收入	Rental income	**31**	25
特許權收入	Royalty income	**19**	17
其他收入	Other income	**38**	32
		114	100

5. 營業額、收益及分部資料（續） / TURNOVER, REVENUE AND SEGMENT INFORMATION (continued)

(a) 主要報告形式 - 業務分部 / Primary reporting format - business segments

（以港幣百萬元為單位）	(In HK$ millions)	零售及分銷業務 Retail and distribution 2006	成衣貿易及製造業務 Garment trading and manufacturing 2006	抵銷項 Eliminations 2006	集團 Group 2006
營業額	**Turnover**				
對外銷售	External sales	4,019	353	–	
分部間銷售	Inter-segment sales	–	603	(603)	
		4,019	956	(603)	4,372
分部業績	**Segment results**				
經營溢利	Operating profit	334	42	–	376
融資費用	Finance expense				(1)
應佔共同控制公司溢利	Share of profit of jointly controlled companies				8
應佔一聯營公司溢利	Share of profit of an associate				8
除税前溢利	Profit before taxation				391
税項	Taxation				(173)
除税後溢利	Profit after taxation				218
少數股東權益	Minority interests				(13)
股東應佔溢利	Profit attributable to shareholders				205
資產	**Assets**				
分部資產	Segment assets	1,877	408		2,285
共同控制公司權益	Interest in jointly controlled companies	332	26		358
一聯營公司權益	Interest in an associate	32	–		32
未分配之資產	Unallocated corporate assets				309
資產總額	Total assets				2,984
負債	**Liabilities**				
分部負債	Segment liabilities	394	205		599
未分配之負債	Unallocated corporate liabilities				295
負債總額	Total liabilities				894
其他資料	**Other information**				
資本開支（附註 14）	Capital expenditure (note 14)	96	15		111
折舊（附註 6）	Depreciation (note 6)	98	12		110
租賃土地預付款項攤銷（附註 6）	Amortization of leasehold land prepayments (note 6)	9	–		9

分部間銷售是在正常業務範圍內進行，交易價格及條款可與集團其他第三者客戶相比。

Inter-segment sales were conducted in the normal course of business at prices and terms comparable to the other third party customers of the Group.

5. 營業額、收益及分部資料（續） 5. TURNOVER, REVENUE AND SEGMENT INFORMATION (continued)

(a) 主要報告形式 - 業務分部（續） (a) Primary reporting format - business segments (continued)

（以港幣百萬元為單位）	(In HK$ millions)	零售及分銷業務 Retail and distribution 2005	成衣貿易及製造業務 Garment trading and manufacturing 2005	抵銷項 Eliminations 2005	集團 Group 2005
營業額	**Turnover**				
對外銷售	External sales	4,002	411	–	
分部間銷售	Inter-segment sales	–	632	(632)	
		4,002	1,043	(632)	4,413
分部業績	**Segment results**				
經營溢利	Operating profit	460	58	–	518
融資費用	Finance expense				(1)
應佔共同控制公司溢利	Share of profit of jointly controlled companies				20
應佔一聯營公司溢利	Share of profit of an associate				11
除稅前溢利	Profit before taxation				548
稅項	Taxation				(117)
除稅後溢利	Profit after taxation				431
少數股東權益	Minority interests				(25)
股東應佔溢利	Profit attributable to shareholders				406
資產	**Assets**				
分部資產	Segment assets	1,918	344		2,262
共同控制公司權益	Interest in jointly controlled companies	307	9		316
一聯營公司權益	Interest in an associate	30	–		30
未分配之資產	Unallocated corporate assets				362
資產總額	Total assets				2,970
負債	**Liabilities**				
分部負債	Segment liabilities	382	133		515
未分配之負債	Unallocated corporate liabilities				240
負債總額	Total liabilities				755
其他資料	**Other information**				
資本開支（附註14）	Capital expenditure (note 14)	102	18		120
折舊（附註6）	Depreciation (note 6)	102	13		115
租賃土地預付款項攤銷（附註6）	Amortization of leasehold land prepayments (note 6)	8	–		8

5. 營業額、收益及分部資料（續） 5. TURNOVER, REVENUE AND SEGMENT INFORMATION (continued)

(b) 次要報告形式 - 地區分部 (b) Secondary reporting format - geographical segments

（以港幣百萬元為單位）	*(In HK$ millions)*	營業額 Turnover 2006	資本開支 Capital expenditure 2006	資產總額 Total assets 2006
中國大陸	Mainland China	**1,170**	**31**	**893**
香港	Hong Kong	**925**	**19**	**858**
台灣	Taiwan	**696**	**18**	**264**
新加坡	Singapore	**409**	**12**	**122**
澳洲	Australia	**238**	**16**	**84**
日本	Japan	**129**	**1**	**43**
韓國	Korea	**166**	**–**	**–**
其他	Others	**639**	**14**	**296**
		4,372	**111**	**2,560**
共同控制公司權益	Interest in jointly controlled companies			**358**
一聯營公司權益	Interest in an associate			**32**
未分配之資產	Unallocated corporate assets			**34**
資產總額	Total assets			**2,984**

5. 營業額、收益及分部資料（續）

5. TURNOVER, REVENUE AND SEGMENT INFORMATION (continued)

(b) 次要報告形式 - 地區分部（續）

(b) Secondary reporting format - geographical segments (continued)

（以港幣百萬元為單位）	*(In HK$ millions)*	營業額 Turnover 2005	資本開支 Capital expenditure 2005	資產總額 Total assets 2005
中國大陸	Mainland China	1,014	36	982
香港	Hong Kong	949	23	905
台灣	Taiwan	782	25	286
新加坡	Singapore	410	5	107
澳洲	Australia	248	18	65
日本	Japan	184	2	68
韓國	Korea	166	–	–
其他	Others	660	11	187
		4,413	120	2,600
共同控制公司權益	Interest in jointly controlled companies			316
一聯營公司權益	Interest in an associate			30
未分配之資產	Unallocated corporate assets			24
資產總額	Total assets			2,970

6. 經營溢利 / 6. OPERATING PROFIT

		集團 Group	
(以港幣百萬元為單位)	*(In HK$ millions)*	**2006**	2005
經營溢利已扣除下列各項：	**The operating profit is stated after charging:**		
租賃土地預付款項攤銷	Amortization of leasehold land prepayments	**9**	8
核數師酬金	Auditors' remuneration	**3**	3
物業、機器及設備折舊	Depreciation of property, plant and equipment	**108**	113
投資物業折舊	Depreciation of investment property	**2**	2
遠期外匯合約公平值之收益	Fair value gain on forward foreign exchange contracts	**1**	–
出售物業、機器及設備之淨虧損	Net loss on disposal of property, plant and equipment	**3**	2
土地及樓宇之經營租賃費用	Operating lease rentals in respect of land and buildings		
- 最低租金支出	- minimum lease payments	**588**	530
- 或然租金費用	- contingent rent	**180**	178
陳舊存貨準備及存貨撇銷	Provision for obsolete stock and stock written off	**23**	10
員工成本(附註8)	Staff costs (note 8)	**656**	618

7. 融資費用 7. FINANCE EXPENSE

(以港幣百萬元為單位)	(In HK$ millions)	集團 Group 2006	2005
銀行貸款利息	Interest on bank loans	**1**	1

8. 員工成本 8. STAFF COSTS

(以港幣百萬元為單位)	(In HK$ millions)	集團 Group 2006	2005
薪金及工資（包括董事酬金）	Salaries and wages (including directors' emoluments)	**609**	578
購股權費用	Share option expense	**1**	4
退休金 - 界定供款計劃	Pension cost - defined contribution plans	**46**	35
退休金 - 界定福利計劃	Pension cost - defined benefit plans	**–**	1
		656	618

本年度內，本集團運用未能領取之供款為港幣五萬元（二零零五年：港幣二萬元）以減低供款水平。於二零零六年十二月三十一日，沒有可供來年使用之未能領取供款（二零零五年：港幣五萬元）。

During the year, the unvested benefits utilized by the Group to reduce the level of contributions was HK$0.05 million (2005: HK$0.02 million). As at December 31, 2006, no unvested benefits were available to be utilized in the future years (2005: HK$0.05 million).

9. 董事及高級管理人員酬金 9. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) 董事酬金 (a) Directors' emoluments

截至二零零六年十二月三十一日止年度內各董事的酬金詳列如下：

The emolument of every director for the year ended December 31, 2006 is set out below:

董事姓名	Name of Directors	袍金 Fees	薪金 Salaries	花紅 Bonuses	其他津貼# Other benefits#	僱主退休金供款 Employer's contribution to pension schemes	合計 Total
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2006							
劉國權	LAU Kwok Kuen, Peter	**–**	**2,562**	**9,515**	**1,076**	**12**	**13,165**
馮永昌	FUNG Wing Cheong, Charles	**–**	**1,902**	**–**	**93**	**45**	**2,040**
馬灼安	MAH Chuck On, Bernard	**–**	**2,132**	**500**	**290**	**12**	**2,934**
歐文柱*	AU Man Chu, Milton *	**275**	**–**	**–**	**–**	**–**	**275**
畢滌凡*	Barry John BUTTIFANT *	**275**	**–**	**–**	**–**	**–**	**275**
鄺其志*	KWONG Ki Chi *	**138**	**–**	**–**	**–**	**–**	**138**
李鵬飛*	LEE Peng Fei, Allen *	**275**	**–**	**–**	**–**	**–**	**275**
		963	**6,596**	**10,015**	**1,459**	**69**	**19,102**
2005							
劉國權	LAU Kwok Kuen, Peter	–	2,537	10,188	1,197	19	13,941
馮永昌	FUNG Wing Cheong, Charles	–	1,808	–	78	45	1,931
馬灼安	MAH Chuck On, Bernard	–	2,132	1,050	239	12	3,433
歐文柱*	AU Man Chu, Milton *	275	–	–	–	–	275
畢滌凡*	Barry John BUTTIFANT *	275	–	–	–	–	275
鄺其志*	KWONG Ki Chi *	138	–	–	–	–	138
李鵬飛*	LEE Peng Fei, Allen *	275	–	–	–	–	275
		963	6,477	11,238	1,514	76	20,268

* *獨立非執行董事*
\# *其他收益包括保險供款、房屋及稅項津貼*

* *Independent non-executive directors*
\# *Other benefits include insurance premium, housing and tax allowances*

9. 董事及高級管理人員酬金（續）

9. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (continued)

(a) 董事酬金（續）

(a) Directors' emoluments (continued)

於本年度內，向本公司董事支付之酬金總額如下：

The aggregate amount of emoluments payable to directors of the Company during the year is as follows:

（以港幣百萬元為單位）	(In HK$ millions)	**2006**	2005
袍金	Fees	**1**	1
其他酬金：	Other emoluments:		
基本薪金、房屋津貼、其他津貼及實物收益	Basic salaries, housing allowances, other allowances and benefits in kind	**8**	8
花紅	Bonuses	**10**	11
退休金供款	Pension contributions	**–**	–
		19	20

(b) 五位最高薪職員

(b) Five highest paid individuals

於本年度內，本集團五位最高薪職員中包括三位（二零零五年：三位）董事，其酬金之詳情已於上文披露。付予餘下兩位（二零零五年：兩位）最高薪職員酬金總額如下：

The five individuals whose emoluments were the highest in the Group for the year include three (2005: three) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining two (2005: two) individuals during the year are as follows:

（以港幣百萬元為單位）	(In HK$ millions)	**2006**	2005
基本薪金、房屋津貼、其他津貼及實物收益	Basic salaries, housing allowances, other allowances and benefits in kind	**3**	3
花紅	Bonuses	**–**	–
退休金供款	Pension contributions	**–**	–
		3	3

9. 董事及高級管理人員酬金（續） 9. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (continued)

(b) 五位最高薪職員（續） (b) Five highest paid individuals (continued)

餘下最高薪職員按酬金組別歸類如下：

The emoluments of the remaining highest paid individuals fell within the following band:

酬金組別 Emolument band	人數 Number of individuals 2006	2005
港幣 *HK$*		
1,500,001 - 2,000,000	**2**	2

10. 稅項 10. TAXATION

綜合損益表內之稅項支出為：

The charge for taxation in the consolidated profit and loss account represents:

（以港幣百萬元為單位）	*(In HK$ millions)*	集團 Group 2006	2005
所得稅項	**Income tax**		
本年度所得稅項	Current income tax		
- 香港利得稅	- Hong Kong profits tax	**26**	33
- 海外稅項	- Overseas taxation	**74**	83
過往年度準備不足/(剩餘)	Under/(over) provision in previous year		
- 海外稅項	- Overseas taxation	**73**	(2)
		173	114
扣繳稅項	**Withholding tax**	**5**	3
遞延稅項	**Deferred tax**		
關於短暫性差異之衍生及撥回	Relating to the origination and reversal of temporary differences	**(5)**	–
稅項支出	Taxation charge	**173**	117

10. 稅項（續）

本集團之稅項支出與本公司以本港稅率而計算之除稅前溢利稅項之調節表如下：

（以港幣百萬元為單位）		集團 2006	集團 2005
除稅前溢利（不包括應佔共同控制公司及一聯營公司溢利）		**375**	517
按稅率百分之十七點五（二零零五年：百分之十七點五）計算		**66**	91
其他國家不同稅率之影響		**13**	24
不可扣稅之支出		**25**	8
未確認之遞延稅項資產		**3**	3
無須課稅之收入		**(17)**	(17)
扣繳稅項		**10**	10
過往年度準備不足/(剩餘)		**73**	(2)
稅項支出		**173**	117

本公司及其香港附屬公司之稅項準備是根據本年度從香港賺取或源自香港之估計應課稅溢利按現稅率百分之十七點五（二零零五年：百分之十七點五）計算。

其他於海外經營之附屬公司之利得稅項是根據適用於各司法權區之稅率而計算。

於本年度，中華人民共和國廣州市國家稅務局（「廣州市國稅局」）就本集團在中國大陸境內自一九九六年起之轉讓定價安排展開審核調查，重點放於特許權收入。根據審核調查之結果，廣州市國稅局要求本集團須補繳外商投資企業和外國企業所得稅約人民幣六千六百萬元，而本集團亦相應作出適當之稅務撥備於賬目內。

10. TAXATION (continued)

Reconciliation of Group's profit before taxation at the tax rate of Hong Kong to the taxation charge is as follows:

(In HK$ millions)	Group **2006**	Group 2005
Profit before taxation (before share of profit of jointly controlled companies and an associate)	**375**	517
Calculated at a taxation rate of 17.5% (2005: 17.5%)	**66**	91
Effect of different tax rates in other countries	**13**	24
Expenses not deductible for tax purpose	**25**	8
Deferred tax assets not recognized	**3**	3
Income not subject to tax	**(17)**	(17)
Withholding tax	**10**	10
Under/(over) provision in previous year	**73**	(2)
Taxation charge	**173**	117

The provision for taxation of the Company and its Hong Kong subsidiaries is calculated by applying the current rate of taxation of 17.5 percent (2005: 17.5 percent) to the estimated assessable profits earned in or derived from Hong Kong during the year.

Taxation on the profits of other subsidiaries operating overseas is calculated at the rates applicable in the respective jurisdictions.

During the year, the Guangzhou Municipal Office of the State Administration of Taxation (the "SAT Guangzhou Office") of the People's Republic of China conducted a review of the Group's transfer pricing policy in Mainland China for the past years since 1996, focusing primarily on royalties. As a consequence of this review, the SAT Guangzhou Office made a demand for payment of approximately RMB66 million additional Foreign Enterprise Income Tax. Accordingly, the Group has made an appropriate tax provision in the accounts.

11. 股東應佔溢利

股東應佔集團之綜合溢利為港幣二億零五百萬元（二零零五年：港幣四億零六百萬元），包括在本公司財務報表內已計入之股東應佔溢利為港幣二億四千七百萬元（二零零五年：港幣三億零四百萬元）。

11. PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The Group's consolidated profit attributable to shareholders of the Company of HK$205 million (2005: HK$406 million) includes a profit of HK$247 million (2005: HK$304 million) which has been dealt with in the financial statements of the Company.

12. 股息

12. DIVIDENDS

(a) 本年度股息如下：

(a) Dividends attributable to the year:

（以港幣百萬元為單位）	*(In HK$ millions)*	**2006**	2005
已宣布及已派發之中期股息每股港幣四點五仙（二零零五年：每股港幣四點五仙）	Interim dividend declared and paid of 4.5 HK cents (2005: 4.5 HK cents) per share	**67**	67
已宣布及已派發之特別中期股息每股港幣二仙（二零零五年：每股港幣二仙）	Special interim dividend declared and paid of 2.0 HK cents (2005: 2.0 HK cents) per share	**30**	30
		97	97
於結算日後建議之末期股息每股港幣五仙（二零零五年：每股港幣五仙）	Final dividend proposed after balance sheet date of 5.0 HK cents (2005: 5.0 HK cents) per share	**75**	75
於結算日後建議之特別末期股息每股港幣一角五仙（二零零五年：每股港幣一角五仙）	Special final dividend proposed after balance sheet date of 15.0 HK cents (2005: 15.0 HK cents) per share	**223**	223
		298	298
		395	395

於二零零七年三月二十二日舉行之董事會會議上，董事建議派發末期及特別末期股息分別為每股港幣五仙及港幣一角五仙。此項擬派股息在結算當日並無確認為負債。

At the board meeting held on March 22, 2007, the directors proposed final and special final dividends of 5.0 HK cents and 15.0 HK cents per share respectively. These proposed dividends have not been recognized as a liability at the balance sheet date.

12. 股息（續） / 12. DIVIDENDS (continued)

(b) 屬於上一年度，並於本年度內通過及支付的股息：

(b) Dividends attributable to the previous year, approved and paid during the year:

（以港幣百萬元為單位）	(In HK$ millions)	2006	2005
已批准及派發二零零五年末期股息 每股港幣五仙 （二零零四年：每股港幣四點五仙）	2005 final dividend approved and paid of 5.0 HK cents (2004: 4.5 HK cents) per share	**75**	67
已批准及派發二零零五年特別末期股息 每股港幣一角五仙 （二零零四年：每股港幣一角三仙）	2005 special final dividend approved and paid of 15.0 HK cents (2004: 13.0 HK cents) per share	**223**	193
		298	260

13. 每股盈利 / 13. EARNINGS PER SHARE

每股基本及攤薄盈利乃按本年度股東應佔綜合溢利港幣二億零五百萬元（二零零五年：港幣四億零六百萬元）計算。

The calculations of basic and diluted earnings per share are based on the consolidated profit attributable to shareholders for the year of HK$205 million (2005: HK$406 million).

每股基本盈利乃按本年度內已發行股份之加權平均股數十四億九千零二十二萬八千五百四十股（二零零五年：十四億七千七百四十七萬零六十六股）計算。

The basic earnings per share is based on the weighted average of 1,490,228,540 shares (2005: 1,477,470,066 shares) in issue during the year.

每股攤薄盈利乃按十四億九千零二十二萬八千五百四十股（二零零五年：十四億七千七百四十七萬零六十六股），即本年內已發行股份之加權平均股數，加上假設根據本公司購股權計劃授出之所有未行使購股權皆已行使而發行之股份之加權平均股數一百六十萬零二千三百二十一股（二零零五年：五百三十四萬九千九百四十六股）計算。

The diluted earnings per share is based on 1,490,228,540 shares (2005: 1,477,470,066 shares) which is the weighted average number of shares in issue during the year plus the weighted average of 1,602,321 shares (2005: 5,349,946 shares) deemed to be issued if all outstanding share options granted under the share option scheme of the Company had been exercised.

14. 物業、機器及設備 / 14. PROPERTY, PLANT AND EQUIPMENT

集團 / Group

(以港幣百萬元為單位)	(In HK$ millions)	永久業權之土地及樓宇 Freehold land & building	樓宇 Buildings	機器 Plant	租賃物業裝修、傢俬及辦公室設備 Leasehold improvements, furniture & office equipment	汽車 Motor vehicles	合計 Total
成本值	**Cost**						
於二零零六年一月一日	At January 1, 2006	37	24	83	680	19	843
換算差額	Translation difference	–	–	–	19	1	20
添置	Additions	–	–	5	105	1	111
出售	Disposals	–	–	–	(82)	(2)	(84)
於二零零六年十二月三十一日	At December 31, 2006	37	24	88	722	19	890
累積折舊	**Accumulated depreciation**						
於二零零六年一月一日	At January 1, 2006	6	–	65	502	14	587
換算差額	Translation difference	–	–	–	14	–	14
本年度折舊	Charge for the year	1	1	4	100	2	108
出售	Disposals	–	–	–	(78)	(2)	(80)
於二零零六年十二月三十一日	At December 31, 2006	7	1	69	538	14	629
於二零零六年十二月三十一日之賬面淨值	**Net book value at December 31, 2006**	30	23	19	184	5	261

14. 物業、機器及設備（續） 14. PROPERTY, PLANT AND EQUIPMENT (continued)

集團 Group

（以港幣百萬元為單位）	(In HK$ millions)	永久業權之土地及樓宇 Freehold land & building	樓宇 Buildings	機器 Plant	租賃物業裝修、傢俬及辦公室設備 Leasehold improvements, furniture & office equipment	汽車 Motor vehicles	合計 Total
成本值	**Cost**						
於二零零五年一月一日	At January 1, 2005	38	125	75	619	19	876
換算差額	Translation difference	(1)	–	–	(10)	–	(11)
重新分類至投資物業	Reclassified to investment property	–	(101)	–	–	–	(101)
添置	Additions	–	–	11	108	1	120
出售	Disposals	–	–	(3)	(37)	(1)	(41)
於二零零五年十二月三十一日	At December 31, 2005	37	24	83	680	19	843
累積折舊	**Accumulated depreciation**						
於二零零五年一月一日	At January 1, 2005	6	10	62	439	13	530
換算差額	Translation difference	–	–	–	(7)	–	(7)
重新分類至投資物業	Reclassified to investment property	–	(11)	–	–	–	(11)
本年度折舊	Charge for the year	–	1	5	105	2	113
出售	Disposals	–	–	(2)	(35)	(1)	(38)
於二零零五年十二月三十一日	At December 31, 2005	6	–	65	502	14	587
於二零零五年十二月三十一日之賬面淨值	**Net book value at December 31, 2005**	31	24	18	178	5	256

14. 物業、機器及設備（續） 14. PROPERTY, PLANT AND EQUIPMENT (continued)

集團 Group

(a) 於二零零六年及二零零五年十二月三十一日，並無融資物業、機器及設備。

(a) As at December 31 of 2006 and 2005, no property, plant and equipment was held under finance lease.

(b) 永久業權之土地及樓宇位於台灣。

(b) The freehold land and building is situated in Taiwan.

(c) 樓宇之賬面淨值分析如下：

(c) The analysis of the net book value of buildings is as follows:

（以港幣百萬元為單位）	(In HK$ millions)	集團 Group 2006	集團 Group 2005	公司 Company 2006	公司 Company 2005
在香港持有	In Hong Kong, held on				
- 十年至五十年租約	- leases of between 10 and 50 years	**19**	19	**10**	10
在香港以外持有	Outside Hong Kong, held on				
- 十年至五十年租約	- leases of between 10 and 50 years	**1**	2	**–**	–
- 多於五十年租約	- leases of over 50 years	**3**	3	**–**	–
		4	5	**–**	–
於十二月三十一日	At December 31	**23**	24	**10**	10

14. 物業、機器及設備（續） 14. PROPERTY, PLANT AND EQUIPMENT (continued)

公司 **Company**

（以港幣百萬元為單位） (In HK$ millions)	樓宇 Buildings	租賃物業裝修、傢俬及辦公室設備 Leasehold improvements, furniture & office equipment	合計 Total
成本值 Cost			
於二零零六年一月一日及二零零六年十二月三十一日 At January 1, 2006 and December 31, 2006	**11**	**3**	**14**
累積折舊 Accumulated depreciation			
於二零零六年一月一日及二零零六年十二月三十一日 At January 1, 2006 and December 31, 2006	**1**	**3**	**4**
於二零零六年十二月三十一日之賬面淨值 Net book value at December 31, 2006	**10**	**–**	**10**

（以港幣百萬元為單位） (In HK$ millions)	樓宇 Buildings	租賃物業裝修、傢俬及辦公室設備 Leasehold improvements, furniture & office equipment	合計 Total
成本值 Cost			
於二零零五年一月一日及二零零五年十二月三十一日 At January 1, 2005 and December 31, 2005	11	3	14
累積折舊 Accumulated depreciation			
於二零零五年一月一日及二零零五年十二月三十一日 At January 1, 2005 and December 31, 2005	1	3	4
於二零零五年十二月三十一日之賬面淨值 Net book value at December 31, 2005	10	–	10

15. 投 資 物 業

本集團持有一物業作長期收租。於二零零五年，該物業由樓宇重新分類至投資物業。

15. INVESTMENT PROPERTY

The Group has a property which is held for long-term rental yields. In 2005, such property is reclassified from buildings to investment property.

		集團 Group	
(以港幣百萬元為單位)	*(In HK$ millions)*	**2006**	2005
成本值	**Cost**		
於一月一日	At January 1	**101**	–
從自用物業並重新分類	Reclassified from owner-occupied property	**–**	101
於十二月三十一日	At December 31	**101**	101
累積折舊	**Accumulated depreciation**		
於一月一日	At January 1	**13**	–
從自用物業並重新分類	Reclassified from owner-occupied property	**–**	11
本年度折舊	Charge for the year	**2**	2
於十二月三十一日	At December 31	**15**	13
於十二月三十一日之賬面淨值	**Net book value at December 31**	**86**	88

該投資物業於二零零六年十二月三十一日之公平值由獨立及持有專業資格之漢華評值有限公司估值。估值乃根據土地現有市價及樓宇樓齡、現有狀況及功能老化等因素調整後之重置價而作出估計。於二零零六年十二月三十一日，該物業(包括租賃土地及樓宇部分)之總公平值為港幣一億四千八百萬元(二零零五年：港幣一億四千萬元)。在損益表中已包括該投資物業之租金收入為港幣一千萬元(二零零五年：港幣八百萬元)。

The fair value of the investment property at December 31, 2006 was assessed by independent professional qualified valuer, Greater China Appraisal Limited. Valuation was based on current market value of the land and on estimate of the replacement cost of building adjusted for age, condition and functional obsolescence. The total fair value of the property, including leasehold land and the building portion, was HK$148 million at December 31, 2006 (2005: HK$140 million). In the profit and loss account, rental income relating to investment property of HK$10 million (2005: HK$8 million) was included.

15. 投資物業（續） / 15. INVESTMENT PROPERTY (continued)

投資物業之賬面淨值分析如下：

The net book value of the investment property is analyzed as follows:

（以港幣百萬元為單位）	(In HK$ millions)	集團 Group 2006	2005
在香港以外持有十年至五十年租約	Outside Hong Kong, held on lease of between 10 and 50 years	**86**	88

16. 附屬公司權益 / 16. INTEREST IN SUBSIDIARIES

（以港幣百萬元為單位）	(In HK$ millions)	公司 Company 2006	2005
非上市投資（成本值）	Unlisted investment (at cost)	**898**	898
應收附屬公司款項	Amounts due from subsidiaries	**832**	980

於二零零六年及二零零五年結算日，應收附屬公司款項均為免息、無抵押及按要求還款。

As at the balance sheet date of 2006 and 2005, amounts due from subsidiaries are non-interest bearing, unsecured and repayable on demand.

主要附屬公司之詳情載於第一百一十二頁至一百一十五頁之財務報表附註34。

Details of principal subsidiaries are set out in note 34 to the financial statements on pages 112 to 115.

17. 共同控制公司權益

於二零零六年十二月三十一日，本集團持有以下共同控制公司股份：

17. INTEREST IN JOINTLY CONTROLLED COMPANIES

As at December 31, 2006, the Group held shares in the following jointly controlled companies:

共同控制公司名稱 **Name of jointly controlled company**	成立及經營地點 **Place of incorporation and operation**	持有股份百分比率 **Percentage of equity holding**		已發行及全數繳足股本 **Issued and fully paid share capital**	主要業務 **Principal activities**
		2006	2005		
Giordano Corporation Limited	大韓民國 Republic of Korea	**49.4**	49.5	一百零一萬一千七百股每股面值五千韓國圜之普通股 1,011,700 common stock of WON5,000 each	經營零售服裝及配襯用品 Retail of apparel and accessories
Higrowth Ventures Limited	英屬處女群島 British Virgin Islands	**49.0**	49.0	四十九股A類別及五十一股B類別每股面值各一美元之普通股 49 Class A and 51 Class B ordinary shares of US$1 each	製造 Manufacturing
昌耀企業有限公司 Cheong Yiu Enterprises Limited	香港 Hong Kong	**49.0**	49.0	二十萬股每股面值港幣一元之普通股 200,000 ordinary shares of HK$1 each	經營包裝物料貿易 Trading of packaging products

17. 共同控制公司權益（續） 17. INTEREST IN JOINTLY CONTROLLED COMPANIES (continued)

以下為本集團所佔該等共同控制公司之資產、負債及業績，並已包括在集團資產負債表及綜合損益表內：

The following amounts, representing the Group's share of the assets, liabilities and results of jointly controlled companies, were included in the Group's balance sheet and consolidated profit and loss account:

（以港幣百萬元為單位）	*(In HK$ millions)*	集團 Group **2006**	2005
流動資產	Current assets	**266**	251
流動負債	Current liabilities	**(75)**	(67)
非流動資產	Non-current assets	**170**	137
非流動負債	Non-current liabilities	**(3)**	(5)
所佔資產淨值	Share of net assets	**358**	316
收益	Revenue	**660**	564
費用	Expense	**(650)**	(537)
除稅前溢利	Profit before taxation	**10**	27
稅項	Taxation	**(2)**	(7)
應佔除稅後溢利	Share of profit after taxation	**8**	20
按比例應佔共同控制公司營業租賃之承擔	Proportionate interest in jointly controlled companies' operating lease commitments	**58**	22

本集團所持有之共同控制公司之權益並沒有涉及任何或然負債及資本承擔，而該等共同控制公司本身亦無任何或然負債及資本承擔。

There are no contingent liabilities and capital commitments relating to the Group's interest in the jointly controlled companies, and no contingent liabilities and capital commitments of the companies themselves.

18. 聯營公司權益 18. INTEREST IN AN ASSOCIATE

於二零零六年十二月三十一日，本集團持有以下聯營公司股份：

As at December 31, 2006, the Group held shares in the following associate:

聯營公司名稱 Name of associate	成立及經營地點 Place of incorporation and operation	持有股份百分比率 Percentage of equity holding 2006	2005	已發行及全數繳足股本 Issued and fully paid share capital	主要業務 Principal activities
Giordano Fashions L.L.C.	阿拉伯聯合酋長國 United Arab Emirates	**20.0**	20.0	三千股每股面值一千沙地阿拉伯聯合酋長國迪拉姆之股份 3,000 shares of AED1,000 each	經營零售服裝及配襯用品 Retail of apparel and accessories

本集團持有之非上市聯營公司權益如下：

The Group's interest in its unlisted associate was as follows:

(以港幣百萬元為單位)	*(In HK$ millions)*	集團 Group 2006	2005
資產	Assets	**43**	39
負債	Liabilities	**(11)**	(9)
所佔資產淨值	Share of net assets	**32**	30
收益	Revenue	**72**	66
除税前溢利	Profit before taxation	**8**	11
税項	Taxation	**–**	–
應佔除税後溢利	Share of profit after taxation	**8**	11

19. 租賃土地及租金預付款項 19. LEASEHOLD LAND AND RENTAL PREPAYMENTS

集團 **Group**

(以港幣百萬元為單位)	*(In HK$ millions)*	租賃土地預付款項 Leasehold land prepayments 2006	租金預付款項 Rental prepayments 2006	合計 Total 2006	2005
於一月一日之賬面淨值	Net book value at January 1	**250**	**76**	**326**	342
換算差額	Translation difference	**2**	**3**	**5**	2
添置	Additions	**–**	**4**	**4**	–
出售	Disposal	**–**	**–**	**–**	(5)
本年度攤銷	Amortization for the year	**(9)**	**(5)**	**(14)**	(13)
於十二月三十一日之賬面淨值	Net book value at December 31	**243**	**78**	**321**	326
短期部分	Current portion	**(8)**	**(6)**	**(14)**	(13)
長期部分	Long-term portion	**235**	**72**	**307**	313

公司 **Company**

租賃土地預付款項分析如下：

Leasehold land prepayments are analyzed as follows:

(以港幣百萬元為單位)	*(In HK$ millions)*	2006	2005
於一月一日之賬面淨值	Net book value at January 1	**171**	176
本年度攤銷	Amortization for the year	**(6)**	(5)
於十二月三十一日之賬面淨值	Net book value at December 31	**165**	171
短期部分	Current portion	**(5)**	(5)
長期部分	Long-term portion	**160**	166

19. 租賃土地及租金預付款項（續）

19. LEASEHOLD LAND AND RENTAL PREPAYMENTS (continued)

租賃土地預付款項乃指已預付的經營租賃支出。該等成本值是按剩餘租賃年期攤銷，其賬面淨值分析如下：

Leasehold land prepayments represent prepaid operating lease payments. The costs are amortized over the leasehold period and their net book values are analyzed as follows:

		集團 Group		公司 Company	
（以港幣百萬元為單位）	*(In HK$ millions)*	**2006**	2005	**2006**	2005
在香港持有	In Hong Kong, held on				
- 十年至五十年租約	- leases of between 10 and 50 years	**175**	180	**165**	171
在香港以外持有	Outside Hong Kong, held on				
- 十年至五十年租約	- leases of between 10 and 50 years	**43**	44	**–**	–
- 多於五十年租約	- leases of over 50 years	**25**	26	**–**	–
		243	250	**165**	171

20. 存貨

20. INVENTORIES

		集團 Group	
（以港幣百萬元為單位）	*(In HK$ millions)*	**2006**	2005
原料	Raw materials	**66**	50
在製貨品	Work in progress	**51**	39
製成品	Finished goods	**305**	280
		422	369

存貨值已確認為費用並記賬在銷售成本中為港幣二十一億九千四百萬元（二零零五年：港幣二十一億七千萬元）。

The cost of inventories recognized as expense and included in cost of goods sold amounted to HK$2,194 million (2005: HK$2,170 million).

21. 應收賬款及其他應收款 21. TRADE AND OTHER RECEIVABLES

		集團 Group		公司 Company	
(以港幣百萬元為單位)	*(In HK$ millions)*	**2006**	2005	**2006**	2005
應收賬款	Trade receivables	**327**	273	**–**	–
減：減值撥備	Less: Provision for impairment	**(10)**	(10)	**–**	–
應收賬款淨值	Trade receivables - net	**317**	263	**–**	–
其他應收款、訂金及預付款項	Other receivables, deposits and prepayments	**177**	144	**1**	3
		494	407	**1**	3

除現金及信用卡銷售外，本集團在正常情況下給予其貿易客戶平均六十日信貸期。

Other than cash and credit card sales, the Group normally allows an average credit period of 60 days to its trade customers.

以下為應收賬款之賬齡分析：

The ageing analysis of trade receivables is as follows:

		集團 Group	
(以港幣百萬元為單位)	*(In HK$ millions)*	**2006**	2005
零至三十日	0 - 30 days	**236**	202
三十一至六十日	31 - 60 days	**54**	36
六十一至九十日	61 - 90 days	**13**	14
逾九十日	Over 90 days	**14**	11
		317	263

應收賬款之賬面值約以公平值列賬。因集團之顧客分散於世界各地，故有關之應收賬款並無集中性之信貸風險。

The carrying amount of trade receivables are stated approximately at fair value. There is no concentration of credit risk with respect to trade receivables as the Group has a large number of internationally dispersed customers.

22. 股本 / 22. SHARE CAPITAL

(以港幣百萬元為單位)	(In HK$ millions)	2006	2005
法定：	**Authorized:**		
二十億股每股面值港幣五仙之普通股	2,000,000,000 ordinary shares of HK$0.05 each	**100**	100
已發行及全數繳足：	**Issued and fully paid:**		
十四億九千零八十五萬二千五百一十八股（二零零五年：十四億八千九百六十三萬零五百一十八股）每股面值港幣五仙之普通股	1,490,852,518 ordinary shares (2005: 1,489,630,518 ordinary shares) of HK$0.05 each	**75**	74

於本年度內，已發行股本之變動情況如下：

Details of the movement in the issued share capital during the year are set out below:

		股份數目 Number of shares 2006	2005
每股面值港幣五仙之普通股	Ordinary shares of HK$0.05 each		
於一月一日	At January 1	**1,489,630,518**	1,450,591,518
發行股份	Issue of shares	**1,222,000**	39,039,000
於十二月三十一日	At December 31	**1,490,852,518**	1,489,630,518

(a) 發行股份

按本公司之購股權計劃，本公司於本年度內因購股權持有人行使購股權附予之權利而發行了每股面值港幣五仙之新普通股股份共一百二十二萬二千股。

本公司於本年度內發行之所有新普通股與本公司當時之現有股份在各方面均享有同等權益。

(a) Issue of shares

Pursuant to the share option scheme of the Company, the Company issued 1,222,000 new ordinary shares of HK$0.05 each in the capital of the Company to option-holders who exercised their rights attached to share options during the year.

All the new ordinary shares issued by the Company in the year ranked pari passu with the then existing shares of the Company in all respects.

(b) 購股權資料

購股權計劃之摘要及本公司購股權於本年度內之變動詳情載於第一百一十六頁至一百二十頁。

(b) Share option information

A summary of the share option scheme and details of the movement in share options of the Company during the year are set out on pages 116 to 120.

(c) 回購股份

本公司於本年度內並無購回其任何股份。

(c) Repurchase of shares

During the year, the Company did not repurchase any of its shares.

22. 股本（續）

22. SHARE CAPITAL (continued)

(d) 一共同控制公司所持有的股份

於二零零六年十二月三十一日，一共同控制公司持有本公司一百八十萬股普通股股份（二零零五年：一百八十萬股）。

(d) Shares held by a jointly controlled company

As at December 31, 2006, 1,800,000 ordinary shares (2005: 1,800,000 shares) were held by a jointly controlled company.

23. 儲備

23. RESERVES

於二零零六年十二月三十一日，本集團及本公司之儲備分析如下：

The reserves of the Group and the Company as at December 31, 2006 are analyzed as follows:

		集團 Group		公司 Company	
（以港幣百萬元為單位）	*(In HK$ millions)*	**2006**	2005	**2006**	2005
繳入盈餘	Contributed surplus	**383**	383	**540**	540
資本贖回儲備	Capital redemption reserve	**3**	3	**3**	3
股份溢價	Share premium	**606**	602	**606**	602
購股權儲備	Share options reserve	**10**	10	**10**	10
匯兑儲備	Exchange reserve	**20**	(30)	**–**	–
其他儲備	Other reserves	**113**	119	**–**	–
滾存溢利	Retained profits	**479**	663	**330**	478
		1,614	1,750	**1,489**	1,633
擬派末期及特別股息（附註12(a)）	Proposed final and special dividends (note 12(a))	**298**	298	**298**	298
儲備總額	Total reserves	**1,912**	2,048	**1,787**	1,931

其他儲備之詳情如下：

Details of other reserves are as follows:

(a) 根據中國大陸有關法律及財務法規，中國大陸之附屬公司之法定儲備基金可用於彌補往年虧損（如有）及用以增加該等附屬公司之資本額。

(a) According to the relevant laws and financial regulations, the statutory reserve funds of the subsidiaries in Mainland China may be used to make up prior years' losses, if any, and to increase the capital of the subsidiaries.

(b) 根據韓國税務獎勵限制法例及韓國商業準則，大韓民國之共同控制公司之法定儲備基金及其他儲備只可以用作抵銷未來虧損或轉作資本，而不可用作現金股息派發。

(b) In accordance with the Korean Tax Incentive Limitation Law and Korean Commercial Code, the statutory reserve fund and other reserves of the jointly controlled company in the Republic of Korea may only be used to offset a future deficit or be transferred to capital stock, but not for cash dividends.

(c) 根據阿拉伯聯合酋長國商業公司法例，阿拉伯聯合酋長國之聯營公司之法定儲備基金，除聯邦法規定外，不可作分配之用。

(c) According to the United Arab Emirates Commercial Companies Law, the statutory reserve fund of the associate in United Arab Emirates is not available for distribution except as provided in the Federal Law.

24. 遞延稅項

24. DEFERRED TAXATION

遞延稅項採用負債法就短暫性差異按適用於各司法權區之稅率而作全數撥備。

Deferred taxation is calculated in full on temporary differences under the liability method at the rates applicable in the respective jurisdictions.

本集團於年內的遞延稅項資產及負債之變動(在同一徵稅地區之結餘抵銷前)如下：

The movement in the Group's deferred tax assets and liabilities (prior to offsetting of balances within the same taxation jurisdiction) during the year is as follows:

遞延稅項(資產)/負債

Deferred tax (assets)/liabilities

(以港幣百萬元為單位)	*(In HK$ millions)*	加速稅項折舊 Accelerated tax depreciation	未分派之滾存溢利 Unremitted profits	其他 Others	合計 Total
於二零零六年一月一日	At January 1, 2006	**–**	**78**	**(10)**	**68**
換算差額	Translation difference	**–**	**8**	**(1)**	**7**
於損益表中(計入)/列支	(Credited)/charged to profit and loss account	**(3)**	**5**	**(7)**	**(5)**
於權益中列支	Charged to equity	**–**	**–**	**1**	**1**
撥回扣繳稅項之短暫性差異	Reversal of temporary difference on withholding tax	**–**	**(2)**	**–**	**(2)**
於二零零六年十二月三十一日	At December 31, 2006	**(3)**	**89**	**(17)**	**69**
於二零零五年一月一日	At January 1, 2005	4	73	(6)	71
於損益表中(計入)/列支	(Credited)/charged to profit and loss account	(4)	7	(3)	–
於權益中計入	Credited to equity	–	–	(1)	(1)
撥回扣繳稅項之短暫性差異	Reversal of temporary difference on withholding tax	–	(2)	–	(2)
於二零零五年十二月三十一日	At December 31, 2005	–	78	(10)	68

24. 遞延稅項（續）

年內於權益中列支的遞延稅項內包含長期貸款予一附屬公司之未變現外匯兌換收益而引至之稅項。

本集團有未確認遞延稅項資產港幣四千四百萬元（二零零五年：港幣四千萬元）主要源於稅損。此等未確認遞延稅項資產當中港幣二千七百萬元（二零零五年：港幣二千七百萬元）將於二零零六年十二月三十一日起一至五年內屆滿。餘下之部分主要由德國附屬公司之無限期稅損引致。

在法定權利許可下，若遞延所得稅涉及同一財政機關，遞延稅項資產可與遞延稅項負債互相抵銷。下列金額是在計入適當抵銷後，於資產負債表內列賬。

24. DEFERRED TAXATION (continued)

The deferred taxation charged to equity during the year comprised the tax on the unrealized exchange gain of a long-term loan to a subsidiary.

The Group has unrecognized deferred tax assets of HK$44 million (2005: HK$40 million) arising mainly from tax losses. These unrecognized deferred tax assets to the extent of HK$27 million (2005: HK$27 million) will expire within 1 to 5 years from December 31, 2006. The remaining portion is mainly related to the losses of subsidiaries in Germany, such tax losses has no expiry date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the balance sheet.

		集團 Group	
（以港幣百萬元為單位）	*(In HK$ millions)*	**2006**	2005
遞延稅項資產	Deferred tax assets	**(34)**	(24)
遞延稅項負債	Deferred tax liabilities	**103**	92
		69	68

25. 應付賬款及其他應付款 25. TRADE AND OTHER PAYABLES

		集團 Group		公司 Company	
(以港幣百萬元為單位)	*(In HK$ millions)*	**2006**	2005	**2006**	2005
應付賬款	Trade payables	**292**	246	**–**	–
其他應付款及應付費用	Other payables and accrued expenses	**307**	269	**2**	2
		599	515	**2**	2

以下為應付賬款之賬齡分析：

The ageing analysis of trade payables is as follows:

		集團 Group	
(以港幣百萬元為單位)	*(In HK$ millions)*	**2006**	2005
零至三十日	0 - 30 days	**218**	192
三十一至六十日	31 - 60 days	**39**	40
六十一至九十日	61 - 90 days	**20**	8
逾九十日	Over 90 days	**15**	6
		292	246

應付賬款之賬面值約以公平值列賬。

The carrying amount of trade payables are stated approximately at fair value.

26. 淨流動資產 26. NET CURRENT ASSETS

本集團之淨流動資產指流動資產扣除流動負債。本集團於二零零六年及二零零五年之淨流動資產分別為港幣八億六千二百萬元及港幣十億二千九百萬元。本公司於二零零六年及二零零五年之淨流動資產分別為港幣七億九千四百萬元及九億三千一百萬元。

The Group's net current assets, defined as current assets less current liabilities, amounted to HK$862 million and HK$1,029 million in 2006 and 2005 respectively. The Company's net current assets was HK$794 million and HK$931 million in 2006 and 2005 respectively.

27. 資產總額扣除流動負債

本集團於二零零六年及二零零五年之資產總額扣除流動負債分別為港幣二十一億九千三百萬元及港幣二十三億零七百萬元。本公司於二零零六年之資產總額扣除流動負債為港幣十八億六千二百萬元，而二零零五年則為港幣二十億零五百萬元。

27. TOTAL ASSETS LESS CURRENT LIABILITIES

The Group's total assets less current liabilities amounted to HK$2,193 million and HK$2,307 million in 2006 and 2005 respectively. The Company's total assets less current liabilities was HK$1,862 million in 2006 compared with HK$2,005 million in 2005.

28. 現金及現金等值結存之分析

28. ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS

		集團 Group	
（以港幣百萬元為單位）	*(In HK$ millions)*	**2006**	2005
現金及銀行結存	Cash and bank balances	**723**	903
減：存款日起三個月以上到期之銀行定期存款	Deduct: Bank deposits with maturity over three months from date of deposits	**(3)**	(3)
		720	900
銀行貸款	Bank loans	**(58)**	(76)
淨現金及現金等值結存	Net cash and cash equivalents	**662**	824

本集團以上之現金及銀行結存包括等值港幣二億零八百萬元（二零零五年：港幣二億九千萬元）之人民幣現金及銀行結存。

Included in the cash and bank balances of the Group are cash and bank balances totalling HK$208 million (2005: HK$290 million) denominated in Renminbi.

本集團定期存款的實際利率為百分之三點五五（二零零五年：百分之二點九六），該等存款之平均到期期限為少於三個月。

The effective interest rate on bank deposits of the Group was 3.55% (2005: 2.96%); these deposits have an average maturity of less than 3 months.

本集團之銀行貸款的實際利率為百分之一點七四（二零零五年：百分之一點三）。該等銀行貸款之平均到期期限為少於三個月。

The effective interest rate of Group's bank loans was 1.74% (2005: 1.30%); these bank loans have an average maturity of less than 3 months.

29. 承擔

29. COMMITMENTS

經營租賃之承擔

Commitments under operating leases

(i) 於二零零六年十二月三十一日，本集團及本公司就零售店舖、辦公室、工廠及貨倉之不可於未來撤銷之經營租賃的最低應付租賃費用如下：

(i) As at December 31, 2006, the Group and the Company had future aggregate minimum lease charges payable under non-cancelable operating leases in respect of retail shops, office premises, factories and warehouses as set out below:

		集團 Group		公司 Company	
(以港幣百萬元為單位)	*(In HK$ millions)*	**2006**	2005	**2006**	2005
一年內	Within one year	**522**	507	**3**	4
一年後但五年內	After one year but within five years	**638**	613	**2**	5
五年以上	Over five years	**42**	43	**–**	–
		1,202	1,163	**5**	9

經營租賃合約包含不同種類條款，租金遞升協定及續租權。若干門市之經營租賃租金乃根據最低保證租金或以銷售額計算之租金（以較高者為準）。上述承擔乃按最低保證租金計算。

The leases have varying terms, escalation clauses and renewal rights. The operating lease rentals of certain outlets are based on the higher of a minimum guaranteed rental or a sales level based rental. The minimum guaranteed rental has been used to arrive at the above commitments.

(ii) 於二零零六年十二月三十一日，本集團及本公司就零售店舖及工廠之不可於未來撤銷之經營租賃的最低應收租賃收入如下：

(ii) As at December 31, 2006, the Group and the Company had future aggregate minimum lease income receivable under non-cancelable operating leases in respect of retail shops and factories as set out below:

		集團 Group		公司 Company	
(以港幣百萬元為單位)	*(In HK$ millions)*	**2006**	2005	**2006**	2005
一年內	Within one year	**24**	25	**10**	17
一年後但五年內	After one year but within five years	**7**	26	**–**	10
		31	51	**10**	27

30. 資本承擔

於二零零六年十二月三十一日，本集團有以下之資本承擔：

30. CAPITAL COMMITMENTS

As at December 31, 2006, the Group has the following capital committments:

(以港幣百萬元為單位)	(In HK$ millions)	集團 Group 2006	集團 Group 2005	公司 Company 2006	公司 Company 2005
已簽約但未撥備	Contracted but not provided for	**–**	2	**–**	–
已授權但未簽約	Authorized but not contracted for	**1**	–	**–**	–
		1	2	**–**	–

31. 或然負債

於二零零六年十二月三十一日，本集團及本公司有以下並無包括在財務報表內之或然負債：

31. CONTINGENT LIABILITIES

As at December 31, 2006, the Group and the Company had contingent liabilities not included in the financial statements in respect of the following:

(以港幣百萬元為單位)	(In HK$ millions)	集團 Group 2006	集團 Group 2005	公司 Company 2006	公司 Company 2005
代替租賃及水電按金之銀行擔保	Bank guarantees in lieu of rental and utility deposits	**11**	9	**–**	–
關於一全資附屬公司租客之租賃按金之銀行擔保	Bank guarantee in respect of rental deposit of a tenant of a wholly-owned subsidiary	**–**	–	**4**	4
		11	9	**4**	4

32. 衍生金融工具

於二零零六年十二月三十一日，本集團已承擔但未行使之遠期外匯兑換合約之設定總額如下：

32. DERIVATIVE FINANCIAL INSTRUMENTS

As at December 31, 2006, the total notional amount of outstanding forward foreign exchange contracts to which the Group has committed are as follows:

		集團 Group		公司 Company	
（以港幣百萬元為單位）	*(In HK$ millions)*	**2006**	2005	**2006**	2005
遠期外匯兑換合約	Forward foreign exchange contracts	**25**	–	**–**	–

遠期外匯兑換合約公平值之收益於二零零六年十二月三十一日約為港幣一百萬元（二零零五年：無）。該收益乃根據同等工具於資產負債表日之市場價值釐定，並包括於應收賬款及其他應收款內。

The fair value gain of the forward foreign exchange contracts at December 31, 2006 is estimated to be approximately HK$1 million (2005: Nil). The gain is calculated based on market values of equivalent instruments at the balance sheet date and is included in trade and other receivables.

於二零零六年十二月三十一日，遠期外匯兑換合約之權益收益及虧損將由資產負債表日起一至六個月內的不同到期日於損益表中反映。

Gains and losses in equity on forward foreign exchange contracts at December 31, 2006 will be released to the profit and loss account when they expire at various dates between one month to six months from the balance sheet date.

33. 重要關聯人士交易

33. MATERIAL RELATED PARTIES TRANSACTIONS

於本年度內，本集團若干附屬公司按一般及日常業務過程與若干共同控制公司及一聯營公司進行正常商業條款交易。有關該等交易詳述如下：

During the year, certain subsidiaries traded with jointly controlled companies and an associate in the ordinary and usual course of business and on normal commercial terms. Details relating to these transactions are as follows:

(以港幣百萬元為單位)	(In HK$ millions)	集團 Group 2006	集團 Group 2005
銷售給：	Sales to:		
共同控制公司	jointly controlled companies	**164**	169
一聯營公司	an associate	**142**	148
		306	317
購貨自：	Purchases from:		
共同控制公司	jointly controlled companies	**209**	105
租金收入自：	Rental income from:		
一共同控制公司	a jointly controlled company	**10**	8

於十二月三十一日應收關聯公司款項：

Amounts due from these related parties at December 31 are:

(以港幣百萬元為單位)	(In HK$ millions)	集團 Group 2006	集團 Group 2005
共同控制公司	Jointly controlled companies	**20**	17
一聯營公司	An associate	**19**	10

於二零零六年十二月三十一日，上述應收共同控制公司及一聯營公司等款項已反映在應收賬款及其他應收款。

As at December 31, 2006, the above amounts due from jointly controlled companies and an associate are reflected in trade and other receivables.

34. 主要附屬公司

34. PRINCIPAL SUBSIDIARIES

本公司於二零零六年十二月三十一日之主要附屬公司如下：

The following is a list of the principal subsidiaries of the Company as at December 31, 2006:

附屬公司名稱 Name of subsidiary	成立地點 Place of incorporation	持有股份之實際百分率 Effective percentage of equity holding		已發行及全數繳足股本或註冊資本 Issued and fully paid share capital or registered capital	主要業務/經營地區 Principal activities/ place of operation
		2006	2005		
寶斯特有限公司* Bluestar Exchange Limited *	香港 Hong Kong	**100**	100	三百萬股每股面值港幣一元之普通股 3,000,000 ordinary shares of HK$1 each	經營零售服裝及配襯用品/香港 Retail of apparel and accessories/ Hong Kong
捷達環球貿易有限公司* Bluestar Exchange Worldwide Limited *	香港 Hong Kong	**100**	100	六十五萬股每股面值港幣一元之普通股 650,000 ordinary shares of HK$1 each	從事服裝及配襯用品之零售及批發/台灣 Retail and wholesale of apparel and accessories/Taiwan
East Jean Limited *	香港 Hong Kong	**100**	100	十萬股每股面值港幣十元之普通股 100,000 ordinary shares of HK$10 each	經營零售服裝及配襯用品/台灣 Retail of apparel and accessories/Taiwan
智源澳門離岸商業服務有限公司* G & B Sourcing Macao Commercial Offshore Limited*	澳門 Macau	**100**	100	澳門幣十萬元 MOP100,000	貿易/澳門 Trading/Macau
Giordano (Australia) Pty. Limited *	澳洲 Australia	**79**	79	七十萬股每股面值一澳元之普通股 700,000 ordinary shares of AUD1 each	經營零售服裝及配襯用品/澳洲 Retail of apparel and accessories/ Australia

34. 主要附屬公司（續） 34. PRINCIPAL SUBSIDIARIES (continued)

附屬公司名稱 Name of subsidiary	成立地點 Place of incorporation	持有股份之實際百分率 Effective percentage of equity holding		已發行及全數繳足股本或註冊資本 Issued and fully paid share capital or registered capital	主要業務/經營地區 Principal activities/ place of operation
		2006	2005		
Giordano (Japan) Limited *	日本 Japan	**100**	100	一千零二十股每股面值五萬日元之普通股 1,020 ordinary shares of JPY50,000 each	經營零售服裝及配襯用品/日本 Retail of apparel and accessories/ Japan
佐丹奴有限公司 * Giordano Limited *	香港 Hong Kong	**100**	100	五萬股每股面值港幣一百元之普通股 50,000 ordinary shares of HK$100 each	經營零售及分銷服裝及配襯用品/香港 Retail and distribution of apparel and accessories/Hong Kong
Giordano (M) Sdn. Bhd.	馬來西亞 Malaysia	**100**	100	三十五萬股每股面值馬來西亞幣一元之普通股 350,000 ordinary shares of RM1 each	經營零售服裝及配襯用品/馬來西亞 Retail of apparel and accessories/ Malaysia
佐丹奴澳門有限公司 * Giordano (Macau) Limited *	澳門 Macau	**100**	100	澳門幣五萬元以兩股出資份額代表 MOP50,000 represented by 2 quotas	經營零售服裝及配襯用品/澳門 Retail of apparel and accessories/ Macau

34. 主要附屬公司（續） 34. PRINCIPAL SUBSIDIARIES (continued)

附屬公司名稱 Name of subsidiary	成立地點 Place of incorporation	持有股份之實際百分率 Effective percentage of equity holding **2006**	 2005	已發行及全數繳足股本或註冊資本 Issued and fully paid share capital or registered capital	主要業務/經營地區 Principal activities/ place of operation
Giordano Originals (Singapore) Private Limited	新加坡 Singapore	**100**	100	新加坡幣一百九十萬零二元 S$1,900,002	從事服裝及配襯用品之零售及貿易/新加坡 Retailing and trading of apparel and accessories/ Singapore
亮志服裝（香港）有限公司 * Gloss Mind Apparel (Hong Kong) Limited *	香港 Hong Kong	**51**	51	二股每股面值港幣一元之普通股 2 ordinary shares of HK$1 each	從事服裝貿易及提供相關服務/香港 Trading of apparel products and providing apparel services/ Hong Kong
PT. Giordano Indonesia *	印尼 Indonesia	**40**	40	一千五百股每股面值一百萬印尼盾之普通股 1,500 ordinary shares of IDR1,000,000 each	從事服裝、配襯用品及其有關產品之零售/印尼 Retail of apparel, accessories and related products/ Indonesia
深圳虎威製衣有限公司*（附註） Shenzhen Tiger Garment Ltd. * (note)	中國大陸 Mainland China	**100**	100	人民幣一千五百一十萬元 RMB15,100,000	投資控股、製造及銷售服裝及配襯用品/中國大陸 Investment holding, manufacturing and retailing of apparel and accessories/ Mainland China

附註：深圳虎威製衣有限公司乃一間中外合作經營公司

Note: Shenzhen Tiger Garment Ltd. is a sino-foreign co-operative joint venture

34. 主要附屬公司（續） 34. PRINCIPAL SUBSIDIARIES (continued)

附屬公司名稱 Name of subsidiary	成立地點 Place of incorporation	持有股份之實際百分率 Effective percentage of equity holding 2006	2005	已發行及全數繳足股本或註冊資本 Issued and fully paid share capital or registered capital	主要業務/經營地區 Principal activities/ place of operation
虎威企業有限公司 Tiger Enterprises Limited	香港 Hong Kong	**100**	100	一千股每股面值港幣一元之普通股、六千萬股每股面值港幣一元之無投票權遞延股 1,000 ordinary shares of HK$1 each, 60,000,000 non-voting deferred shares of HK$1 each	投資控股/中國大陸 Investment holding/ Mainland China
Walton International Ltd. *	開曼群島 Cayman Islands	**100**	100	一百零二股每股面值一美元之普通股 102 ordinary shares of US$1 each	批授商標專利權 Licensing of trademarks

* *間接附屬公司*

* *subsidiaries held indirectly*

35. 財務報表通過 35. APPROVAL OF FINANCIAL STATEMENTS

本年度財務報表已於二零零七年三月二十二日獲董事會通過。

The financial statements were approved by the board of directors on March 22, 2007.

購股權計劃

本公司購股權計劃(「該計劃」)之摘要如下：

(1) 目的

該計劃旨在鼓勵及獎勵對本集團作出貢獻或將可作出貢獻之選定合資格人士。

(2) 合資格人士

(i) (a) 任何董事或擬委任董事(不論是執行或非執行，包括任何獨立非執行董事)、僱員或擬聘請之僱員(不論是全職或兼職)，或

(b) 其時借調之任何人；

而屬於本集團任何成員或任何控股股東或由控股股東控制之任何公司；或

(ii) 持有本集團任何成員或任何控股股東或任何控股股東控制公司所發行之任何證券之持有人；或

(iii) 本集團任何成員或任何控股股東或由控股股東控制之任何公司的：

(a) 任何業務或合作伙伴、特許經營權受讓人、承包商、代理或代表，

(b) 任何人士或個體提供研究、發展或其他技術支援或任何諮詢、顧問、專業或其他服務，

(c) 任何貨品或服務供應商，

(d) 任何客戶，或

(e) 任何業主及租客(包括分租租客)；

並就該計劃而言，將包括由一位或多位隸屬以上任何合資格人士所控制之任何公司。

SHARE OPTION SCHEME

Summary of the share option scheme of the Company (the “Scheme”) is as follows:

(1) Purpose

As incentives or rewards for the contribution or potential contribution to the Group from the selected eligible persons.

(2) Eligible persons

(i) (a) any director or proposed director (whether executive or non-executive, including any independent non-executive director), employee or proposed employee (whether full time or part time) of, or

(b) any individual for the time being seconded to work for;

any member of the Group or any controlling shareholder or any company controlled by a controlling shareholder; or

(ii) any holder of any securities issued by any member of the Group or any controlling shareholder or any company controlled by a controlling shareholder; or

(iii) (a) any business or joint venture partner, franchisee, contractor, agent or representative of,

(b) any person or entity that provides research, development or other technological support or any advisory, consultancy, professional or other services to,

(c) any supplier of goods or services to,

(d) any customer of, or

(e) any landlord or tenant (including any sub-tenant) of;

any member of the Group or any controlling shareholder or a company controlled by a controlling shareholder;

and, for the purposes of the Scheme, shall include any company controlled by one or more persons belonging to any of the above classes of eligible persons.

(3) 股份數目上限

於二零零七年三月二十二日，可發行之股份數目上限為一億五百六十九萬零八百五十一股，約相等於本公司已發行股份之百分之七。

(4) 每位合資格人士可獲授權益上限

每位合資格人士在任何十二個月內(直至授出購股權當日止)，根據該計劃及本公司任何其他購股權計劃獲授之購股權(包括已註銷、已行使及尚未行使之購股權)予以行使時，所發行及將發行之股份上限不得超過本公司已發行股份之百分之一。

(5) 購股權行使期

購股權可根據該計劃條款之規定，於董事授出購股權時，決定授出之購股權當日或其後日子開始行使，直至董事授出購股權時已決定之日期營業時間結束時屆滿；惟於任何情況下，由授出購股權當日(即提出授出購股權要約當日，而該購股權要約獲接受)起計不可超過十年。

(6) 接受授出購股權之要約

購股權獲授人接受授出購股權之要約，必須於提出要約之日起三十日內(包括提出要約當日)接受有關之要約。於接受授出購股權之要約時，須繳付港幣一元。

(7) 釐定購股權行使價之基準

行使購股權時須予支付之每股股份之購股權價將由董事決定，惟購股權價須以下列較高者釐定：

(i) 要約授出購股權當日之股份收市價；

(ii) 緊接要約授出購股權當日前五個交易日之平均收市價；及

(iii) 每股股份之面值。

(8) 該計劃尚餘之有效期

該計劃有效期至二零一二年一月二十四日屆滿。

(3) Maximum number of shares

As at March 22, 2007, the maximum number of shares available for issue is 105,690,851, representing approximately seven percent of the issued share capital of the Company.

(4) Maximum entitlement of each eligible person

The maximum number of shares issued and to be issued upon exercise of options granted under the Scheme and any other share option schemes of the Company to any eligible person (including canceled, exercised and outstanding options), in any 12-month period up to the date of grant shall not exceed one percent of the shares in issue.

(5) Time of exercise of option

An option may be exercised in accordance with the terms of the Scheme at any time during a period commencing on such date on or after the date on which the option is granted as the directors may determine in granting the option and expiring at the close of business on such date as the directors may determine in granting the option but in any event shall not exceed ten years from the date of grant (which is the date of offer of grant if the offer for the grant of the option is accepted).

(6) Acceptance of offers

An offer for the grant of options must be accepted within 30 days inclusive of the day on which such offer was made. The amount payable on acceptance of the offer for the grant of an option is HK$1.00.

(7) Basis of determining the option exercise price

The option price per share payable on the exercise of an option is to be determined by the directors provided always that it shall be at least the higher of:

(i) the closing price of the shares on the date of offer;

(ii) the average closing price of the shares for the five business days immediately preceding the date of offer; and

(iii) the nominal amount of a share.

(8) The remaining life of the Scheme

The Scheme remains in force until January 24, 2012.

購股權之變動

於本年度內，本公司並無根據該購股權計劃授出購股權，而有關於本年度內購股權變動資料載列如下：

MOVEMENT OF SHARE OPTIONS

During the year, no share option was granted pursuant to the Share Option Scheme and movements in the number of share options are set out below:

	購股權數目 Number of share options							
合資格人士 Eligible person	於二零零六年一月一日之結餘 Balance as at 01/01/2006	於本年度內授出 Granted during the year	於本年度內行使 Exercised during the year	於本年度內註銷/失效 Canceled/ lapsed during the year	於二零零六年十二月三十一日之結餘 Balance as at 12/31/2006	每股行使價 Exercise price per share	授出日期 Date of grant	行使期 Exercisable period
						港元 HK$	*(月/日/年) (MM/DD/YYYY)*	*(月/日/年) (MM/DD/YYYY)*
董事 Director								
馮永昌	1,666,000	–	–	–	1,666,000	4.650	04/08/2002	04/08/2003 - 04/07/2012
FUNG Wing Cheong, Charles	1,666,000	–	–	–	1,666,000	4.650	04/08/2002	04/08/2004 - 04/07/2012
	1,668,000	–	–	–	1,668,000	4.650	04/08/2002	04/08/2005 - 04/07/2012
	5,000,000	–	–	–	5,000,000			
馬灼安	1,666,000	–	–	–	1,666,000	4.650	04/08/2002	04/08/2003 - 04/07/2012
MAH Chuck On, Bernard	1,666,000	–	–	–	1,666,000	4.650	04/08/2002	04/08/2004 - 04/07/2012
	1,668,000	–	–	–	1,668,000	4.650	04/08/2002	04/08/2005 - 04/07/2012
	5,000,000	–	–	–	5,000,000			

購股權之變動（續） MOVEMENT OF SHARE OPTIONS (continued)

合資格人士 Eligible person	購股權數目 Number of share options 於二零零六年一月一日之結餘 Balance as at 01/01/2006	於本年度內授出 Granted during the year	於本年度內行使 Exercised during the year	於本年度內註銷/失效 Canceled/ lapsed during the year	於二零零六年十二月三十一日之結餘 Balance as at 12/31/2006	每股行使價 Exercise price per share	授出日期 Date of grant	行使期 Exercisable period
						港元 HK$	*(月/日/年) (MM/DD/YYYY)*	*(月/日/年) (MM/DD/YYYY)*
連續合約僱員	2,164,000	–	–	224,000	1,940,000	4.650	04/08/2002	04/08/2003 - 04/07/2012
Continuous Contract	2,382,000	–	–	224,000	2,158,000	4.650	04/08/2002	04/08/2004 - 04/07/2012
Employees	2,656,000	–	–	254,000	2,402,000	4.650	04/08/2002	04/08/2005 - 04/07/2012
	666,000	–	–	–	666,000	2.795	02/05/2003	02/05/2004 - 02/04/2013
	832,000	–	166,000	–	666,000	2.795	02/05/2003	02/05/2005 - 02/04/2013
	836,000	–	–	–	836,000	2.795	02/05/2003	02/05/2006 - 02/04/2013
	200,000	–	200,000	–	–	2.200	05/02/2003	05/02/2006 - 05/01/2013
	568,000	–	84,000	40,000	444,000	2.650	06/10/2003	06/10/2004 - 06/09/2013
	778,000	–	128,000	44,000	606,000	2.650	06/10/2003	06/10/2005 - 06/09/2013
	2,060,000	–	580,000	170,000	1,310,000	2.650	06/10/2003	06/10/2006 - 06/09/2013
	84,000	–	20,000	–	64,000	2.785	08/20/2003	08/20/2004 - 08/19/2013
	8,000	–	2,000	2,000	4,000	2.785	08/20/2003	08/20/2005 - 08/19/2013
	8,000	–	–	2,000	6,000	2.785	08/20/2003	08/20/2006 - 08/19/2013
	38,000	–	16,000	–	22,000	3.300	09/19/2003	09/19/2004 - 09/18/2013
	80,000	–	26,000	–	54,000	3.300	09/19/2003	09/19/2005 - 09/18/2013
	96,000	–	–	18,000	78,000	3.300	09/19/2003	09/19/2006 - 09/18/2013
	132,000	–	–	–	132,000	4.150	01/27/2004	01/27/2005 - 01/26/2014
	198,000	–	–	–	198,000	4.150	01/27/2004	01/27/2006 - 01/26/2014
	204,000	–	–	–	204,000	4.150	01/27/2004	01/27/2007 - 01/26/2014
	1,082,000	–	–	–	1,082,000	4.500	06/16/2004	06/16/2005 - 06/15/2014
	1,272,000	–	–	–	1,272,000	4.500	06/16/2004	06/16/2006 - 06/15/2014
	1,280,000	–	–	–	1,280,000	4.500	06/16/2004	06/16/2007 - 06/15/2014
	10,000	–	–	–	10,000	4.850	07/07/2004	07/07/2005 - 07/06/2014
	10,000	–	–	–	10,000	4.850	07/07/2004	07/07/2006 - 07/06/2014
	10,000	–	–	–	10,000	4.850	07/07/2004	07/07/2007 - 07/06/2014
	28,000	–	–	–	28,000	4.235	08/17/2004	08/17/2005 - 08/16/2014
	34,000	–	–	–	34,000	4.235	08/17/2004	08/17/2006 - 08/16/2014
	1,000,000	–	–	–	1,000,000	4.305	09/30/2004	09/30/2004 - 09/29/2014
	434,000	–	–	118,000	316,000	4.875	12/30/2004	12/30/2004 - 12/29/2014
	19,150,000	–	1,222,000	1,096,000	16,832,000			
其他	1,780,000	–	–	100,000	1,680,000	4.150	01/27/2004	01/27/2005 - 01/26/2014
Others	2,060,000	–	–	180,000	1,880,000	4.975	12/29/2004	12/29/2004 - 12/28/2014
	3,840,000	–	–	280,000	3,560,000			
合計 Total	32,990,000	-	1,222,000	1,376,000	30,392,000			

購 股 權 之 變 動 (續)

附註：

1. 連續合約僱員已行使之購股權於緊接行使日前之加權平均股份收市價為港幣四元八仙。

2. 於二零零六年十二月三十一日之每股市價為港幣四元二角五仙。

3. 於本年度內，本公司無授出購股權，故毋須作出評估授出購股權的公平值。本公司購股權計劃授出的購股權之公平值是以柏力克•舒爾斯期權訂價模式評估，並計入一些因素，如行使價、購股權年期、市價、有關股票之波幅及購股權之預期年期的無風險利率等。該模式的設計旨在評估並無授出限制且可以自由轉讓之公開買賣期權之公平值。此外，它亦須視乎若干高度主觀假設數據，包括預期股價波幅。任何主觀假設數據倘出現任何變動均會對購股權之公平值造成重大影響。

MOVEMENT OF SHARE OPTIONS (continued)

Notes:

1. The weighted average closing price of the shares immediately before the date on which the options were exercised by the Continuous Contract Employees was HK$4.08.

2. The market value per share as at December 31, 2006 was HK$4.25.

3. As no share option was granted by the Company during the year, thus the estimation of fair value of share options granted was not applicable. For share options granted under share option scheme of the Company, the fair value of the options shall be estimated by applying the Black-Scholes option pricing model, taking into account a number of factors such as the exercise price, the life of the option, the market price and volatility of the underlying shares, and the risk-free interest rate for the expected life of the option. The Model is developed to estimate the fair value of publicly traded options that have no vesting restrictions and are fully transferable. In addition, it requires input of highly subjective assumptions, including the expected stock price volatility. Any changes in the subjective input assumptions may materially affect the estimation of the fair value of an option.

茲通告佐丹奴國際有限公司(「本公司」)謹訂於二零零七年五月九日(星期三)上午九時三十分假座香港九龍長沙灣道七七七至七七九號天安工業大廈三樓B座舉行股東週年大會,處理下列事項:

作為普通事項:

一、 省覽截至二零零六年十二月三十一日止年度之經審核財務報表及董事會與核數師報告書;

二、 宣布派發截至二零零六年十二月三十一日止年度之末期股息;

三、 宣布派發截至二零零六年十二月三十一日止年度之特別末期股息;

四、 重選退任董事;

五、 重新委聘核數師及授權董事會釐定其酬金;

作為特別事項:

六、 考慮並酌情通過或經修訂後通過下列決議案為普通決議案:

「**動議:**

(I) 無條件授予本公司董事一項一般性授權,可於有關期間內配發、發行或處理本公司股本中之額外股份,並作出或授予可能須行使該等權力之建議、協議及購股權,惟須符合下列條件:

(a) 該項授權之有效期不可超越有關期間,惟本公司董事可在有關期間內作出或授予可能於有關期間內或屆滿後行使該等權力之建議、協議及購股權;及

NOTICE IS HEREBY GIVEN that the annual general meeting of Giordano International Limited (the "Company") will be held at Block B, 3rd Floor, Tin On Industrial Building, 777-779 Cheung Sha Wan Road, Kowloon, Hong Kong on Wednesday, May 9, 2007 at 9:30 a.m. for the following purposes:

As ordinary business:

1. To receive and consider the audited financial statements and the reports of the directors and auditors for the year ended December 31, 2006;

2. To declare a final dividend for the year ended December 31, 2006;

3. To declare a special final dividend for the year ended December 31, 2006;

4. To re-elect retiring directors;

5. To re-appoint the auditors and authorize the directors to fix their remuneration;

As special business:

6. To consider and, if thought fit, pass, with or without modifications, the following resolution as an Ordinary Resolution:

"**THAT:**

(I) a general mandate be and is hereby unconditionally given to the directors of the Company during the Relevant Period to allot, issue or otherwise deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such power, subject to the following conditions:

(a) such mandate shall not extend beyond the Relevant Period save that the directors of the Company may during the Relevant Period make or grant offers, agreements and options which might require the exercise of such powers at any time during or after the end of the Relevant Period; and

(b) 本公司董事依據上述授權而配發、發行或處理本公司股本中之股份面值總額不得超過本公司於通過本決議案當日已發行股本面值總額之百分之二十，惟依據(i)供股；或(ii)根據本公司所發行賦有權力認購或購買本公司股份之認股權證或其他證券之條款而行使之認購權或兌換股權；或(iii)根據本公司股東採納之任何購股權計劃，向合資格人士授出可認購本公司股份之購股權，而該等人士因行使有關購股權所發行之股份；或(iv)根據本公司細則訂立之以股代息或其他類似計劃而發行之股份除外；及

(II) 就本決議案而言：

「有關期間」乃指本決議案獲通過之日起至下列最早日期止之期間：

(a) 本公司下屆股東週年大會結束；

(b) 依照本公司細則或百慕達適用之法例規定本公司須召開下屆股東週年大會之期限屆滿之日；及

(c) 本公司股東於股東大會上通過普通決議案撤銷或修訂本決議案所給予之授權。

「供股」乃指本公司董事於指定期間內向於指定記錄日期名列股東名冊之股份持有人，按照其當時之持股量比例向彼等提出之股份發售建議（惟本公司董事有權就零碎股權或根據任何香港以外地區之法例或任何認可管制機構或任何證券交易所之規定的限制或責任，而作出其認為必須或權宜之豁免或其他安排）。」；

(b) the aggregate nominal amount of shares in the capital of the Company which may be allotted, issued or otherwise dealt with by the directors of the Company pursuant to such mandate, otherwise than pursuant to (i) a Rights Issue; or (ii) the exercise of rights of subscription or conversion under the terms of any warrants or other securities issued by the Company carrying a right to subscribe for or purchase shares of the Company; or (iii) the exercise of any option under any share option scheme of the Company adopted by its shareholders for the grant or issue to eligible persons options to subscribe for or rights to acquire shares of the Company; or (iv) any scrip dividend or other similar scheme implemented in accordance with the Bye-Laws of the Company, shall not exceed 20 percent of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution; and

(II) for the purpose of this Resolution:

"Relevant Period" means the period from the passing of this Resolution until whichever is the earliest of:

(a) the conclusion of the next annual general meeting of the Company;

(b) the expiration of the period within which the next annual general meeting of the Company is required by its Bye-Laws or any applicable laws of Bermuda to be held; and

(c) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting.

"Rights Issue" means an offer of shares open for a period fixed by the directors of the Company to holders of shares on its Register of Members on a fixed record date in proportion to their holdings of shares (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of or the requirements of any recognized regulatory body or stock exchange in any territory outside Hong Kong).";

七、考慮並酌情通過或經修訂後通過下列決議案為普通決議案：

「**動議**：

(I) 無條件授予本公司董事一項一般性授權，可於有關期間內行使本公司一切權力購回本公司股本中之股份，惟須符合下列條件：

(a) 根據該項授權行使一切權力，惟須遵守所有適用法例及香港聯合交易所有限公司(「聯交所」)證券上市規則(「上市規則」)或任何其他適用之證券交易所規定；及

(b) 本公司依據上述授權而購回之本公司股本中之股份面值總額，不得超過本公司於通過本決議案當日已發行股本面值總額之百分之十；及

(II) 就本決議案而言：

「有關期間」乃指本決議案獲通過之日起至下列最早日期止之期間：

(a) 本公司下屆股東週年大會結束；

(b) 依照本公司細則或百慕達適用之法例規定本公司須召開下屆股東週年大會之期限屆滿之日；及

(c) 本公司股東於股東大會上通過普通決議案撤銷或修訂本決議案所給予之授權。」；及

7. To consider and, if thought fit, pass, with or without modifications, the following resolution as an Ordinary Resolution:

"**THAT:**

(I) a general mandate be and is hereby unconditionally given to the directors of the Company during the Relevant Period to exercise all powers of the Company to purchase shares in the capital of the Company subject to the following conditions:

(a) the exercise of all powers pursuant to such mandate shall be subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") or of any other applicable stock exchange; and

(b) the aggregate nominal amount of shares in the share capital of the Company which may be purchased pursuant to such mandate shall not exceed ten percent of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution; and

(II) for the purpose of this Resolution:

"Relevant Period" means the period from the passing of this Resolution until whichever is the earliest of:

(a) the conclusion of the next annual general meeting of the Company;

(b) the expiration of the period within which the next annual general meeting of the Company is required by its Bye-Laws or any applicable laws of Bermuda to be held; and

(c) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting."; and

八、 考慮並酌情通過或經修訂後通過下列決議案為普通決議案：

「**動議**在上述第六項及第七項決議案獲通過後，批准本公司董事擴大獲授予在有關期間（按該決議案之定義）配發、發行或處理本公司之額外股份之一般授權，使根據該項一般授權可配發、發行或處理之本公司股份面值總額增加，而加幅等於本公司董事行使本公司權力所購回之股份面值總額，惟該增幅不可超逾本公司於通過本決議案當日已發行股本面值總額之百分之十。」。

8. To consider and, if thought fit, pass, with or without modifications, the following resolution as an Ordinary Resolution:

"**THAT** subject to the passing of the above resolutions numbered 6 and 7, the general mandate granted to the directors of the Company to allot, issue, or otherwise deal with additional shares of the Company during the Relevant Period (as defined in that resolution) be and is hereby extended by the addition to the aggregate nominal amount of shares in the capital of the Company which may be allotted, issued or otherwise dealt with pursuant to such general mandate of an amount representing the aggregate nominal amount of shares in the capital of the Company purchased by the directors of the Company pursuant to their exercise of the powers of the Company to purchase such shares, provided that such amount shall not exceed ten percent of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution.".

承董事會命
翁美儀
公司秘書

香港，二零零七年四月十三日

By Order of the Board
YUNG Mei Yee
Company Secretary

Hong Kong, April 13, 2007

附註：

(i) 凡有權出席上文通告所召開之大會並於大會上投票之股東，均有權委派一位或以上之代表代其出席會議，並於按點算股數方式表決時代其投票。受委代表毋須為本公司股東。

(ii) 代表委任表格連同經簽署之授權書或其他授權文件（如有）或經由公證人簽署證明該等授權書或授權文件之副本，最遲須於大會或其任何續會指定舉行時間四十八小時前送達本公司於香港之股份過戶登記分處雅柏勤證券登記有限公司，地址為香港皇后大道東二十八號金鐘匯中心二十六樓，方為有效。

(iii) 本公司將由二零零七年五月七日（星期一）至二零零七年五月九日（星期三）（首尾兩天包括在內）暫停辦理股份過戶登記手續。為確定有權收取擬派之末期及特別末期股息（派發日期約為二零零七年五月十五日（星期二）），所有過戶文件連同有關股票最遲須於二零零七年五月四日（星期五）下午四時三十分前送達本公司於香港之股份過戶登記分處雅柏勤證券登記有限公司，地址為香港皇后大道東二十八號金鐘匯中心二十六樓，辦理登記手續。

Notes:

(i) A shareholder entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and, on a poll, vote in his stead. A proxy need not be a shareholder of the Company.

(ii) To be valid, a form of proxy together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power of attorney or authority must be deposited at the Company's branch share registrars in Hong Kong, Abacus Share Registrars Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, not less than 48 hours before the time appointed for holding the meeting or any adjourned meeting.

(iii) The Register of Members of the Company will be closed from Monday, May 7, 2007 to Wednesday, May 9, 2007, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final and special final dividends (which will be payable on or about Tuesday, May 15, 2007), all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrars in Hong Kong, Abacus Share Registrars Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Friday, May 4, 2007.

(iv) 上述第六項及第七項決議案旨在徵求股東批准授予本公司董事一般授權配發本公司的股份和購回本公司的股份。

(v) 上述第八項決議案旨在徵求股東批准擴大給予本公司董事的一般配發股份的授權，以加入本通告第七項決議案授予的權力而購回的股份數目。

(vi) 年報中的「說明函件」詳列了有關第七項決議案的資料。

(vii) 根據細則第70條，下列人士可要求按點算股數方式進行表決：(a) 有關大會主席；或 (b) 最少三名親身出席大會並有權於會上投票之股東（或如為公司，則為其正式授權之代表）或受委代表；或 (c) 任何親身出席大會並合共佔所有有權於大會上投票之股東之總投票權不少於十分之一之一名或多名股東（或如為公司，則為其正式授權之代表）或受委代表；或 (d) 任何親身出席大會並持有附有權利可出席大會並於會上投票之股份（已繳足股款數額相當於但不少於所有該等股份之繳足股款總額十分之一）之一名或多名股東（或如為公司，則為其正式授權之代表）或受委代表。

(iv) In relation to the above resolutions numbered 6 and 7, approval is being sought from shareholders for a general mandate to be given to the directors of the Company to allot new shares and to repurchase shares of the Company.

(v) In relation to the above resolution numbered 8, approval is being sought from shareholders for an extension of the general mandate sought to be granted to the directors of the Company to allot shares by adding to it the number of shares which shall have been repurchased under the authority granted pursuant to resolution numbered 7 of this notice.

(vi) An Explanatory Statement which contains important information concerning the above resolution numbered 7 is appended to the annual report.

(vii) Pursuant to Bye-Law 70 of the Bye-Laws, a poll may be demanded by: (a) the chairman of such meeting; (b) at least three shareholders present in person or in the case of a shareholder being a corporation by its duly authorized representative or by proxy for the time being entitled to vote at the meeting; (c) a shareholder or shareholders present in person or in the case of a shareholder being a corporation by its duly authorized representative or by proxy and representing not less than one-tenth of the total voting rights of all shareholders having the right to vote at the meeting; or (d) a shareholder or shareholders present in person or in the case of a shareholder being a corporation by its duly authorized representative or by proxy and holding shares conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

香港聯合交易所有限公司對下列資料的內容概不負責，對其準確性或完整性亦不發表任何聲明，並明確表示概不就因下列全部或任何部分內容而產生或因倚賴該等內容而引致的任何損失承擔任何責任。

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of the following information, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of the following information.

購回股份授權

以下說明函件乃遵照香港聯合交易所有限公司(「聯交所」)證券上市規則(「上市規則」)向佐丹奴國際有限公司(「本公司」)股東提供資料，以便股東考慮是否批准授予本公司董事(「董事」)一般性授權購回本公司股份(「購回股份授權」)。倘若購回股份授權在本公司擬於二零零七年五月九日舉行之股東週年大會(「二零零七年股東週年大會」)上獲得通過，董事將獲得一般性授權，以便在直至本公司下屆股東週年大會或在相關普通決議案中所列明之較早期間內，隨時購回本公司股本中已發行並全數繳付之每股面值港幣五仙之普通股股份(「股份」)，最多不超過於決議案通過當日本公司已發行股本之百分之十。

SHARE REPURCHASE MANDATE

The following is the explanatory statement, as required by the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), to provide information to shareholders of Giordano International Limited (the "Company") for their consideration of the proposed granting of a general mandate to the Company's directors (the "Directors") to repurchase shares of the Company (the "Share Repurchase Mandate"). The Share Repurchase Mandate, upon obtaining shareholders' approval at the Company's annual general meeting to be held on May 9, 2007 (the "2007 Annual General Meeting"), gives a general authority to the Directors to repurchase, at any time until the next annual general meeting of the Company or such earlier period as stated in the relevant resolution, the issued and fully paid ordinary shares of HK$0.05 each in the capital of the Company (the "Shares"), up to a maximum of ten percent of its issued share capital at the date of passing of the relevant resolution.

(A) 建議購回股份授權

建議董事可行使本公司之權力購回之股份數目不得超過購回股份授權決議案通過之日本公司已發行股份之百分之十。於二零零七年三月二十二日，即本年報付印之前最後可行日期(「最後可行日期」)，本公司已發行股份數目為十四億九千一百二十五萬四千五百一十八股。倘若購回股份授權之決議案獲通過，並假定本公司於二零零七年股東週年大會舉行前再無發行或購回股份之情況下，本公司根據購回股份授權可購回最多一億四千九百一十二萬五千四百五十一股股份。

(A) Proposed Share Repurchase Mandate

It is proposed that the Directors may exercise the powers of the Company to repurchase up to ten percent of the Shares in issue as at the date of passing of the resolution to approve the granting to the Directors the Share Repurchase Mandate. As at March 22, 2007, being the latest practicable date prior to the printing of this annual report (the "Latest Practicable Date"), the number of Shares in issue was 1,491,254,518 Shares. Subject to the passing of the proposed resolution for approving the Share Repurchase Mandate and on the basis that no further Shares are issued or repurchased by the Company prior to the date of the 2007 Annual General Meeting, the Company would be allowed under the Share Repurchase Mandate to repurchase up to a limit of 149,125,451 Shares.

(B) 購回原因

董事深信倘若股東授予董事該一般性授權在市場購回股份，可為本公司及其股東帶來最佳利益。董事根據市場實況及資金安排，並認為該購回股份可增加本公司資產淨值及/或每股盈利以及對本公司及其股東有裨益時，才會進行。

(B) Reasons for Repurchases

The Directors believe that it is in the best interests of the Company and its shareholders for the Directors to have a general authority from shareholders of the Company to repurchase Shares in the market. A repurchase of Shares may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or its earnings per share and will only be made when the Directors believe that such repurchase will benefit the Company and its shareholders.

(C) 購回之資金

購回任何股份所需之資金，必須是依據百慕達法例及本公司組織章程大綱及細則所規定可合法使用於該用途之資金。董事建議根據購回股份授權而作出之股份購回將由本公司之內部資源或現有之銀行信貸支付。

對比本公司於其截至二零零六年十二月三十一日止年度之經審核財務報表所披露之狀況而言，購回股份授權倘若全面付諸實行，可能會對本公司之營運資金或負債情況有重大之不利影響，惟董事祇在彼等認為行使該授權並不會導致此等重大不利影響之情形下才會行使是項權力。

(C) Funding of Repurchases

Repurchases must be funded out of funds legally available for such purposes in accordance with the laws of Bermuda and the Memorandum of Association and Bye-Laws of the Company. The Directors propose that repurchases of Shares under the Share Repurchase Mandate would be financed from the Company's internal resources or existing banking facilities.

Whilst the Share Repurchase Mandate, if exercised in full, may have a material adverse impact on the working capital or gearing position of the Company, as compared with the position disclosed in the Company's audited financial statements for the year ended December 31, 2006, the Directors expect to exercise such mandate if and to such extent only as they are satisfied that the exercise thereof will not have such a material adverse impact.

(D) 股價

過去十二個月每月在聯交所錄得每股股份之最高及最低價如下：

(D) Share Prices

The highest and lowest prices per Share at which Shares have traded on the Stock Exchange in each of the previous twelve months were as follows:

		最高 **Highest**	最低 **Lowest**
		港元 *HK$*	*港元* *HK$*
二零零六年	**2006**		
三月	March	4.500	4.050
四月	April	4.925	4.275
五月	May	4.600	3.975
六月	June	4.025	3.300
七月	July	4.180	3.650
八月	August	4.950	4.010
九月	September	4.550	3.650
十月	October	4.020	3.750
十一月	November	4.230	3.740
十二月	December	4.390	3.910
二零零七年	**2007**		
一月	January	4.390	4.100
二月	February	4.250	3.480

(E) 一般資料

董事已向聯交所作出承諾，將根據上市規則、百慕達法例及本公司組織章程大綱及細則，按照購回股份授權行使本公司購回股份之權力。

董事或（於進行一切合理查詢後據彼等所知）其聯繫人（按上市規則定義）目前概無意於股東授予董事購回股份授權後按該授權出售任何股份予本公司。

本公司現時並無接獲本公司之關連人士（按上市規則定義）通知，彼等目前有意於股東授予董事購回股份授權後，出售股份予本公司，或已承諾不會向本公司出售股份。

於最後可行日期前六個月內，本公司概無在聯交所或以其他方式購回任何股份。

倘若因本公司根據購回股份授權行使購回股份之權力，而使股東所佔本公司投票權比例增加，則根據公司收購、合併及股份購回守則，該項增加將被視作一項收購。因此，某股東或一群一致行動之股東可取得或鞏固公司控制權，則須根據公司收購及合併守則第二十六條及第三十二條提出強制收購建議。

(E) General Information

The Directors have undertaken to the Stock Exchange to exercise the powers of the Company to make repurchases pursuant to the Share Repurchase Mandate in accordance with the Listing Rules, the laws of Bermuda and the Memorandum of Association and Bye-Laws of the Company.

None of the Directors nor (to the best of their knowledge having made all reasonable enquiries) their associates (as defined in the Listing Rules) have any present intention to sell any Shares to the Company under the Share Repurchase Mandate if such is granted by the shareholders.

No other connected persons of the Company (as defined in the Listing Rules) have notified the Company that they have a present intention to sell Shares to the Company, or have undertaken not to do so, in the event that the Share Repurchase Mandate is granted by the shareholders.

During the six months prior to the Latest Practicable Date, the Company has not repurchased any Shares whether on the Stock Exchange or otherwise.

If a shareholder's proportionate interest in the voting rights of the Company increases on the Company exercising its powers to repurchase Shares pursuant to the Share Repurchase Mandate, such increase will be treated as an acquisition for the purpose of The Codes on Takeovers and Mergers and Share Repurchases. As a result, a shareholder or a group of shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of The Code on Takeovers and Mergers.

下列股東於最後可行日期已根據證券及期貨條例(「該條例」)第XV部第二及第三分部向本公司披露,並已根據該條例第三百三十六條列入記錄於本公司存置之登記冊,擁有本公司之股份或相關股份之權益或淡倉,及倘若董事行使全部權力購回股份,則各股東於本公司之股本權益會增加如下:

The interests or short positions of the following shareholders in the shares or underlying shares of the Company which have been disclosed to the Company, at the Latest Practicable Date, pursuant to Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (the "SFO") and have been recorded in the register kept by the Company pursuant to section 336 of the SFO; together with the respective total interests would be increased in the event that the Directors exercise in full the Share Repurchase Mandate:

名稱 **Name**	股份數目 **No. of shares**	權益百分率概約 **Approximate percentage of interests**	若行使全部購回股份授權之權益百分率概約 **Approximate percentage of interests if the Share Repurchase Mandate is exercised in full**
Aberdeen Asset Management Plc and its associates	219,420,018	14.71%	16.35%
Harris Associates L.P.	209,719,800	14.06%	15.63%
State Street Corporation	86,397,598 *(附註) (Note)*	5.79%	6.44%
JPMorgan Chase & Co.	76,190,747	5.11%	5.68%

附註:

該等股份乃 State Street Corporation 持有之可供借出的股份。

Note:

These shares were held in the Lending Pool by State Street Corporation.

因此,董事並不知悉,任何因根據購回股份授權購回股份,而就公司收購及合併守則而言可能出現之情況。

Accordingly, the Directors are not aware of any consequences which may arise under The Code on Takeovers and Mergers as a result of any repurchase made under the Share Repurchase Mandate.

根據本公司細則，本公司董事馮永昌先生及畢滌凡先生將於二零零七年股東週年大會上退任，並均願膺選連任。以下乃該等董事之個人資料簡介供股東參考：

In accordance with the Bye-Laws of the Company, Mr. FUNG Wing Cheong, Charles and Mr. Barry John BUTTIFANT, Directors of the Company, will retire from office at the 2007 annual general meeting and will offer themselves for re-election. The following are the brief biographical particulars of each of these Directors for the shareholders' information:

馮永昌先生 *(執行董事)*，現年四十五歲，於一九八八年加入本集團，並自一九九七年二月十一日起在本公司擔任現職銜。馮先生亦為本集團台灣業務之總經理及若干附屬公司之董事。彼持有香港大學學士學位及新加坡國立大學工商管理碩士學位。於加入本集團前，馮先生有五年房地產業務經驗。

Mr. FUNG Wing Cheong, Charles *(Executive Director)*, aged 45, joined the Group in 1988 and has assumed the current position in the Company since February 11, 1997. Mr. Fung is also the General Manager of the Group's operations in Taiwan and director of certain subsidiaries of the Group. He holds a bachelor degree from The University of Hong Kong and an MBA degree from the National University of Singapore. Before joining the Group, Mr. Fung had worked for five years in the real estate business.

馮先生於過往三年並無於其他上市公司擔任任何董事職務。彼與本公司之任何董事、高級管理人員或主要股東概無任何關連。按證券及期貨條例第XV部之涵義，於二零零七年三月二十二日，彼持有一百一十二萬二千股本公司股份及購股權以認購五百萬股本公司股份，合共約佔本公司現時已發行股本百分之零點四一。

Mr. Fung did not hold any directorship in other listed company in the last three years. He does not have any relationship with any directors, senior management or substantial shareholders of the Company. As at March 22, 2007, Mr. Fung has had interests in 1,122,000 shares of the Company and options to subscribe for 5,000,000 shares of the Company (within the meaning of Part XV of the Securities and Futures Ordinance), which in aggregate represent approximately 0.41% of the existing issued share capital of the Company.

本公司與馮先生之間並無任何服務合約，惟彼與兩間附屬公司訂立了僱用合約，雙方均可給予對方不少於三個月的書面通知終止該合約。彼亦須按本公司之細則輪值告退及膺選連任。彼每年的薪酬為港幣一百九十萬零二千元。彼亦可獲發酌情酬金、享有僱主繳納之公積金供款及房屋津貼。該酬金乃根據彼於本集團之職務及職責及現時市況而釐定。

There is no service contract entered into between the Company and Mr. Fung; however, he has agreements with two subsidiaries, which are terminable by either party by giving to the other not less than three months' notice in writing. He is subject to retirement by rotation and re-election pursuant to the Bye-Laws of the Company. His annual salary amounts to approximately HK$1,902,000. He is also entitled to discretionary bonus, provident fund contributed by employer and housing allowance. Such emolument is determined with reference to his duties and responsibilities with the Group and the prevailing market conditions.

彼並無根據香港聯合交易所有限公司(「聯交所」)證券上市規則(「上市規則」)第13.51(2)(h)條至第13.51(2)(v)條須予披露的資料，亦無涉及根據該等條文須予披露的事宜，且並無任何本公司股東需要知悉的其他事項。

There is no information which is discloseable nor is/was he involved in any of the matters required to be disclosed pursuant to any of the requirements under Rules 13.51(2)(h) to 13.51(2)(v) of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), and there is no other matter which needs to be brought to the attention of the shareholders of the Company.

畢滌凡先生*（獨立非執行董事）*，現年六十二歲，於一九九一年五月加入本集團，彼亦為本公司審核委員會主席及補償委員會成員。畢滌凡先生為Hsin Chong International Holdings Limited（「新昌國際」）之董事總經理，亦分別為新昌營造集團有限公司主席葉維義先生及新昌管理集團有限公司副主席馮葉儀皓女士之替代董事。彼並為台和商事控股有限公司及華訊股份有限公司之獨立非執行董事，及為於紐約聯合交易所上市之 Global-Tech Appliances Inc. 之非執行董事。於加入新昌國際前，彼為霸菱亞洲投資有限公司之營運合夥人。彼亦於二零零一年至二零零二年期間擔任和記行（集團）有限公司（「和記行」）之董事總經理，並於二零零二年十一月至二零零四年四月期間出任和記行之業務及企業發展顧問。於加入和記行前，彼於萬威國際有限公司擔任董事總經理超過八年，並曾於寶麗碧集團和森那美香港有限公司工作超過十一年，期間曾出任財務董事及董事總經理職務。畢滌凡先生為特許公認會計師公會、香港會計師公會、Chartered Management Institute、香港管理專業協會及香港董事學會之資深會員。

除上述披露外，於過往三年，畢滌凡先生亦曾出任一間於香港主板上市之公司 – 東方明珠創業有限公司（前稱「招商迪辰（亞洲）有限公司」）（二零零二年八月至二零零六年五月）及兩間已除牌之創業板公司 – 媒體世紀集團（二零零三年六月至二零零五年十二月）和媒體伯樂集團有限公司（二零零五年十一月至二零零六年五月）之獨立非執行董事。彼於二零零四年六月至二零零六年二月期間出任 China Technology Global Corporation（前稱「DF China Technology Inc」）之非執行董事，該公司於美國 Over-the-Counter Bulletin Board 上市。

畢滌凡先生與本公司之任何董事、高級管理人員或主要股東概無任何關連，亦無於本公司或本集團其他公司擔當任何其他職位。按證券及期貨條例第XV部之涵義，彼於二零零七年三月二十二日亦無持有本公司任何股份之權益。

Mr. Barry John BUTTIFANT *(Independent Non-executive Director)*, aged 62, joined the Group in May 1991. He is also chairman of the Audit Committee and a member of the Compensation Committee of the Company. Mr. Buttifant is the managing director of Hsin Chong International Holdings Limited ("Hsin Chong International") and is an alternate director to Mr. V-nee Yeh, chairman of Hsin Chong Construction Group Ltd. and Mrs. Fung Yeh Yi Hao, Yvette, deputy chairman of Synergis Holdings Limited. He is also an independent non-executive director of Daiwa Associate Holdings Limited and Alltronics Holdings Limited and a non-executive director of a NYSE public company, Global-Tech Appliances Inc.. Prior to joining Hsin Chong International, he was an operating partner of Baring Private Equity Asia Limited. He was also the managing director of Wo Kee Hong (Holdings) Limited ("Wo Kee Hong") from 2001 to 2002 and was the Advisor to the board of directors of Wo Kee Hong from November 2002 to April 2004. Prior to joining Wo Kee Hong, he was the managing director of IDT International Limited for over eight years and had worked for Polly Peck Group and Sime Darby Hong Kong Limited for more than 11 years in the capacity of finance director and managing director. Mr. Buttifant is a fellow member of the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants, the Chartered Management Institute, the Hong Kong Management Association and The Hong Kong Institute of Directors.

Saved as disclosed above, in the last three years, Mr. Buttifant also served as an independent non-executive director of Pearl Oriental Innovation Limited (formerly known as China Merchants DiChain (Asia) Limited), a company listed on the Main Board in Hong Kong from August 2002 to May 2006, and two de-listed GEM Board companies, MediaNation Inc. from June 2003 to December 2005 and Media Partners International Holdings Inc. from November 2005 to May 2006. During the period from June 2004 to February 2006, he was a non-executive director of China Technology Global Corporation (formerly known as DF China Technology Inc), a company listed on the Over-the-Counter Bulletin Board in the United States.

Mr. Buttifant does not have any relationship with any directors, senior management or substantial shareholders of the Company nor hold any other position with the Company and other members of the Group. As at March 22, 2007, he does not have any interests in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

本公司與畢滌凡先生之間並無任何服務合約。彼出任董事的任期為三年，並須按本公司之細則輪值告退及膺選連任。彼每年之董事酬金為港幣二十七萬五千元正，該金額乃根據彼於本公司之職務及職責及現時市況而釐定。

畢滌凡先生服務本集團已逾九年。彼符合上市規則第3.13條所載獨立性指引，並已向聯交所書面確認其對公司的獨立性，亦按年向公司確認其獨立身份。因此，董事會視彼仍為獨立人士，並鑒於彼之豐富經驗及對董事會之寶貴貢獻，深信彼應該被重選為董事。

彼並無根據上市規則第13.51(2)(h)條至第13.51(2)(v)條須予披露的資料，亦無涉及根據該等條文須予披露的事宜，且並無任何本公司股東需要知悉的其他事項。

There is no service contract entered into between the Company and Mr. Buttifant. He is appointed for a term of three years and subject to retirement by rotation and re-election pursuant to the Bye-Laws of the Company. He is entitled to receive an annual director's fee of HK$275,000 which is determined with reference to his duties and responsibilities with the Company and the prevailing market conditions.

Mr. Buttifant has served the Group for over nine years. He has met the independence guidelines as set out in Rule 3.13 of the Listing Rules and has submitted to the Stock Exchange a written confirmation concerning his independence and given an annual confirmation of his independence to the Company. The Board, therefore, considers him to continue to be independent and believes he should be re-elected in view of his extensive experience and valuable contribution to the Board.

There is no information which is discloseable nor is/was he involved in any of the matters required to be disclosed pursuant to any of the requirements under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, and there is no other matter which needs to be brought to the attention of the shareholders of the Company.

GIORDANO
www.giordano.com.hk
Giordano International Limited
(Incorporated in Bermuda with limited liability)
5th Floor Tin On Industrial Building
777-779 Cheung Sha Wan Road
Kowloon Hong Kong